

119TH CONGRESS
1ST SESSION

S. 1582

AN ACT

To provide for the regulation of payment stablecoins, and
for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 SECTION 1. SHORT TITLE.

2 This Act may be cited as the “Guiding and Estab-
3 lishing National Innovation for U.S. Stablecoins Act” or
4 the “GENIUS Act”.

5 SEC. 2. DEFINITIONS.

6 In this Act:

7 (1) APPROPRIATE FEDERAL BANKING AGEN-
8 CY.—The term “appropriate Federal banking agen-
9 cy” has the meaning given that term in section 3 of
10 the Federal Deposit Insurance Act (12 U.S.C.
11 1813).

12 (2) BANK SECRECY ACT.—The term “Bank Se-
13 crecy Act” means—

14 (A) section 21 of the Federal Deposit In-
15 surance Act (12 U.S.C. 1829b);

16 (B) chapter 2 of title I of Public Law 91–
17 508 (12 U.S.C. 1951 et seq.); and

18 (C) subchapter II of chapter 53 of title 31,
19 United States Code.

20 (3) BOARD.—The term “Board” means the
21 Board of Governors of the Federal Reserve System.

22 (4) COMPTROLLER.—The term “Comptroller”
23 means the Office of the Comptroller of the Currency.

24 (5) CORPORATION.—The term “Corporation”
25 means the Federal Deposit Insurance Corporation.

1 (6) DIGITAL ASSET.—The term “digital asset”
2 means any digital representation of value that is re-
3 corded on a cryptographically secured distributed
4 ledger.

5 (7) DIGITAL ASSET SERVICE PROVIDER.—The
6 term “digital asset service provider”—

7 (A) means a person that, for compensation
8 or profit, engages in the business in the United
9 States (including on behalf of customers or
10 users in the United States) of—

11 (i) exchanging digital assets for mone-
12 tary value;

13 (ii) exchanging digital assets for other
14 digital assets;

15 (iii) transferring digital assets to a
16 third party;

17 (iv) acting as a digital asset custo-
18 dian; or

19 (v) participating in financial services
20 relating to digital asset issuance; and

21 (B) does not include—

22 (i) a distributed ledger protocol;

23 (ii) developing, operating, or engaging
24 in the business of developing distributed

1 ledger protocols or self-custodial software
2 interfaces;
3 (iii) an immutable and self-custodial
4 software interface;
5 (iv) developing, operating, or engaging
6 in the business of validating transactions
7 or operating a distributed ledger; or
8 (v) participating in a liquidity pool or
9 other similar mechanism for the provi-
10 sioning of liquidity for peer-to-peer trans-
11 actions.

12 (8) DISTRIBUTED LEDGER.—The term “distrib-
13 uted ledger” means technology in which data is
14 shared across a network that creates a public digital
15 ledger of verified transactions or information among
16 network participants and cryptography is used to
17 link the data to maintain the integrity of the public
18 ledger and execute other functions.

19 (9) DISTRIBUTED LEDGER PROTOCOL.—The
20 term “distributed ledger protocol” means publicly
21 available and accessible executable software deployed
22 to a distributed ledger, including smart contracts or
23 networks of smart contracts.

24 (10) FEDERAL BRANCH.—The term “Federal
25 branch” has the meaning given that term in section

1 3 of the Federal Deposit Insurance Act (12 U.S.C.
2 1813).

3 (11) FEDERAL QUALIFIED PAYMENT
4 STABLECOIN ISSUER.—The term “Federal qualified
5 payment stablecoin issuer” means—

6 (A) a nonbank entity, other than a State
7 qualified payment stablecoin issuer, approved
8 by the Comptroller, pursuant to section 5, to
9 issue payment stablecoins;

10 (B) an uninsured national bank—

11 (i) that is chartered by the Comptrol-
12 ler, pursuant to title LXII of the Re-
13 vised Statutes; and

14 (ii) that is approved by the Comptrol-
15 ler, pursuant to section 5, to issue pay-
16 ment stablecoins; and

17 (C) a Federal branch that is approved by
18 the Comptroller, pursuant to section 5, to issue
19 payment stablecoins.

20 (12) FOREIGN PAYMENT STABLECOIN
21 ISSUER.—The term “foreign payment stablecoin
22 issuer” means an issuer of a payment stablecoin
23 that is—

24 (A) organized under the laws of or domi-
25 ciled in a foreign country, a territory of the

1 United States, Puerto Rico, Guam, American
2 Samoa, or the Virgin Islands; and

3 (B) not a permitted payment stablecoin
4 issuer.

5 (13) INSTITUTION-AFFILIATED PARTY.—With
6 respect to a permitted payment stablecoin issuer, the
7 term “institution-affiliated party” means any direc-
8 tor, officer, employee, or controlling stockholder of
9 the permitted payment stablecoin issuer.

10 (14) INSURED CREDIT UNION.—The term “in-
11 sured credit union” has the meaning given that term
12 in section 101 of the Federal Credit Union Act (12
13 U.S.C. 1752).

14 (15) INSURED DEPOSITORY INSTITUTION.—The
15 term “insured depository institution” means—

16 (A) an insured depository institution, as
17 defined in section 3 of the Federal Deposit In-
18 surance Act (12 U.S.C. 1813); and

19 (B) an insured credit union.

20 (16) LAWFUL ORDER.—The term “lawful
21 order” means any final and valid writ, process,
22 order, rule, decree, command, or other requirement
23 issued or promulgated under Federal law, issued by
24 a court of competent jurisdiction or by an authorized

1 Federal agency pursuant to its statutory authority,
2 that—

3 (A) requires a person to seize, freeze, burn,
4 or prevent the transfer of payment stablecoins
5 issued by the person;

6 (B) specifies the payment stablecoins or
7 accounts subject to blocking with reasonable
8 particularity; and

9 (C) is subject to judicial or administrative
10 review or appeal as provided by law.

11 (17) MONETARY VALUE.—The term “monetary
12 value” means a national currency or deposit (as de-
13 fined in section 3 of the Federal Deposit Insurance
14 Act (12 U.S.C. 1813)) denominated in a national
15 currency.

16 (18) MONEY.—The term “money”—

17 (A) means a medium of exchange currently
18 authorized or adopted by a domestic or foreign
19 government; and

20 (B) includes a monetary unit of account
21 established by an intergovernmental organiza-
22 tion or by agreement between 2 or more coun-
23 tries.

24 (19) NATIONAL CURRENCY.—The term “na-
25 tional currency” means each of the following:

1 (A) A Federal Reserve note (as the term is
2 used in the first undesignated paragraph of sec-
3 tion 16 of the Federal Reserve Act (12 U.S.C.
4 411)).

5 (B) Money standing to the credit of an ac-
6 count with a Federal Reserve Bank.

7 (C) Money issued by a foreign central
8 bank.

9 (D) Money issued by an intergovernmental
10 organization pursuant to an agreement by 2 or
11 more governments.

12 (20) NONBANK ENTITY.—The term “nonbank
13 entity” means a person that is not a depository in-
14 stitution or subsidiary of a depository institution.

15 (21) OFFER.—The term “offer” means to make
16 available for purchase, sale, or exchange.

17 (22) PAYMENT STABLECOIN.—The term “pay-
18 ment stablecoin”—

19 (A) means a digital asset—

20 (i) that is, or is designed to be, used
21 as a means of payment or settlement; and

22 (ii) the issuer of which—

23 (I) is obligated to convert, re-
24 deem, or repurchase for a fixed
25 amount of monetary value, not includ-

1 tions described in subparagraph (A), con-
2 sistent with section 17 of this Act.

3 (23) PERMITTED PAYMENT STABLECOIN
4 ISSUER.—The term “permitted payment stablecoin
5 issuer” means a person formed in the United States
6 that is—

7 (A) a subsidiary of an insured depository
8 institution that has been approved to issue pay-
9 ment stablecoins under section 5;

10 (B) a Federal qualified payment stablecoin
11 issuer; or

12 (C) a State qualified payment stablecoin
13 issuer.

14 (24) PERSON.—The term “person” means an
15 individual, partnership, company, corporation, asso-
16 ciation, trust, estate, cooperative organization, or
17 other business entity, incorporated or unincor-
18 porated.

19 (25) PRIMARY FEDERAL PAYMENT STABLECOIN
20 REGULATOR.—The term “primary Federal payment
21 stablecoin regulator” means—

22 (A) with respect to a subsidiary of an in-
23 sured depository institution (other than an in-
24 sured credit union), the appropriate Federal

1 banking agency of such insured depository insti-
2 tution;

3 (B) with respect to an insured credit union
4 or a subsidiary of an insured credit union, the
5 National Credit Union Administration;

6 (C) with respect to a State chartered de-
7 pository institution not specified under subpara-
8 graph (A), the Corporation, the Comptroller, or
9 the Board; and

10 (D) with respect to a Federal qualified
11 payment stablecoin issuer, the Comptroller.

12 (26) REGISTERED PUBLIC ACCOUNTING
13 FIRM.—The term “registered public accounting
14 firm” has the meaning given that term under section
15 2 of the Sarbanes-Oxley Act of 2002 (15 U.S.C.
16 7201).

17 (27) STABLECOIN CERTIFICATION REVIEW COM-
18 MITTEE.—The term “Stablecoin Certification Review
19 Committee” means the committee of that name and
20 having the functions as provided in this Act—

21 (A) of which—

22 (i) the Secretary of the Treasury shall
23 serve as Chair; and

24 (ii) the Chair of the Board (or the
25 Vice Chair for Supervision, as delegated by

1 the Chair of the Board), and the Chair of
2 the Corporation shall serve as members;
3 and

4 (B) which, unless otherwise specified in
5 this Act, shall act by $\frac{2}{3}$ vote of its members at
6 any meeting called by the Chair or by unani-
7 mous written consent.

8 (28) STATE.—The term “State” means each of
9 the several States of the United States, the District
10 of Columbia, and each territory of the United
11 States.

12 (29) STATE CHARTERED DEPOSITORY INSTITU-
13 TION.—The term “State chartered depository insti-
14 tution” has the meaning given the term “State de-
15 pository institution” in section 3(c) of the Federal
16 Deposit Insurance Act (12 U.S.C. 1813(c)).

17 (30) STATE PAYMENT STABLECOIN REGU-
18 LATOR.—The term “State payment stablecoin regu-
19 lator” means a State agency that has primary regu-
20 latory and supervisory authority in such State over
21 entities that issue payment stablecoins.

22 (31) STATE QUALIFIED PAYMENT STABLECOIN
23 ISSUER.—The term “State qualified payment
24 stablecoin issuer” means an entity that—

1 (A) is legally established under the laws of
2 a State and approved to issue payment
3 stablecoins by a State payment stablecoin regu-
4 lator; and

5 (B) is not an uninsured national bank
6 chartered by the Comptroller pursuant to title
7 LXII of the Revised Statutes, a Federal
8 branch, an insured depository institution, or a
9 subsidiary of such national bank, Federal
10 branch, or insured depository institution.

11 (32) SUBSIDIARY.—The term “subsidiary” has
12 the meaning given that term in section 3 of the Fed-
13 eral Deposit Insurance Act (12 U.S.C. 1813).

14 (33) SUBSIDIARY OF AN INSURED CREDIT
15 UNION.—With respect to an insured credit union,
16 the term “subsidiary of an insured credit union”
17 means—

18 (A) an organization providing services to
19 the insured credit union that are associated
20 with the routine operations of credit unions, as
21 described in section 107(7)(I) of the Federal
22 Credit Union Act (12 U.S.C. 1757(7)(I));

23 (B) a credit union service organization, as
24 such term is used under part 712 of title 12,
25 Code of Federal Regulations, with respect to

1 which the insured credit union has an owner-
2 ship interest or to which the insured credit
3 union has extended a loan; and

4 (C) a subsidiary of a State chartered in-
5 sured credit union authorized under State law.

6 **SEC. 3. ISSUANCE AND TREATMENT OF PAYMENT**

7 **STABLECOINS.**

8 (a) **LIMITATION ON ISSUERS.**—It shall be unlawful
9 for any person other than a permitted payment stablecoin
10 issuer to issue a payment stablecoin in the United States.

11 (b) **PROHIBITION ON OFFERS OR SALES.**—

12 (1) **IN GENERAL.**—Except as provided in sub-
13 section (c) and section 18, beginning on the date
14 that is 3 years after the date of enactment of this
15 Act, it shall be unlawful for a digital asset service
16 provider to offer or sell a payment stablecoin to a
17 person in the United States, unless the payment
18 stablecoin is issued by a permitted payment
19 stablecoin issuer.

20 (2) **FOREIGN PAYMENT STABLECOIN**
21 ISSUERS.—It shall be unlawful for any digital asset
22 service provider to offer, sell, or otherwise make
23 available in the United States a payment stablecoin
24 issued by a foreign payment stablecoin issuer unless
25 the foreign payment stablecoin issuer has the tech-

1 nological capability to comply, and will comply, with
2 the terms of any lawful order and any reciprocal ar-
3 rangement pursuant to section 18.

4 (c) LIMITED SAFE HARBORS.—

5 (1) IN GENERAL.—The Secretary of the Treas-
6 ure may issue regulations providing safe harbors
7 from subsection (a) that are—

8 (A) consistent with the purposes of the
9 Act;

10 (B) limited in scope; and

11 (C) apply to a de minimis volume of trans-
12 actions, as determined by the Secretary of the
13 Treasury.

14 (2) UNUSUAL AND EXIGENT CIR-
15 CUMSTANCES.—

16 (A) IN GENERAL.—If the Secretary of the
17 Treasury determines that unusual and exigent
18 circumstances exist, the Secretary may provide
19 limited safe harbors from subsection (a).

20 (B) JUSTIFICATION.—Prior to issuing a
21 limited safe harbor under this paragraph, the
22 Secretary of the Treasury shall submit to the
23 chairs and ranking members of the Committee
24 on Banking, Housing, and Urban Affairs of the
25 Senate and the Committee on Financial Serv-

1 ices of the House of Representatives a justifica-
2 tion for the determination of the unusual and
3 exigent circumstances, which may be contained
4 in a classified annex, as applicable.

5 (d) RULEMAKING.—Consistent with section 13, the
6 Secretary of the Treasury shall issue regulations to imple-
7 ment this section, including regulations to define terms.

8 (e) EXTRATERRITORIAL EFFECT.—This section is in-
9 tended to have extraterritorial effect if conduct involves
10 the offer or sale of a payment stablecoin to a person lo-
11 cated in the United States.

12 (f) PENALTY FOR VIOLATION.—

13 (1) IN GENERAL.—Whoever knowingly partici-
14 pates in a violation of subsection (a) shall be fined
15 not more than \$1,000,000 for each such violation,
16 imprisoned for not more than 5 years, or both.

17 (2) REFERRAL TO ATTORNEY GENERAL.—If a
18 primary Federal payment stablecoin regulator has
19 reason to believe that any person has knowingly vio-
20 lated subsection (a), the primary Federal payment
21 stablecoin regulator may refer the matter to the At-
22 torney General.

23 (g) TREATMENT.—A payment stablecoin that is not
24 issued by a permitted payment stablecoin issuer shall not
25 be—

1 (1) treated as cash or as a cash equivalent for
2 accounting purposes;

3 (2) eligible as cash or as a cash equivalent mar-
4 gin and collateral for futures commission merchants,
5 derivative clearing organizations, broker-dealers, reg-
6 istered clearing agencies, and swap dealers; or

7 (3) acceptable as a settlement asset to facilitate
8 wholesale payments between banking organizations
9 or by a payment infrastructure to facilitate exchange
10 and settlement among banking organizations.

11 (h) RULES OF CONSTRUCTION.—

12 (1) EXEMPT TRANSACTIONS.—This section
13 shall not apply to—

14 (A) the direct transfer of digital assets be-
15 tween 2 individuals acting on their own behalf
16 and for their own lawful purposes, without the
17 involvement of an intermediary;

18 (B) to any transaction involving the receipt
19 of digital assets by an individual between an ac-
20 count owned by the individual in the United
21 States and an account owned by the individual
22 abroad that are offered by the same parent
23 company; or

(C) to any transaction by means of a software or hardware wallet that facilitates an individual's own custody of digital assets.

11 SEC. 4. REQUIREMENTS FOR ISSUING PAYMENT
12 STABLECOINS.

13 (a) STANDARDS FOR THE ISSUANCE OF PAYMENT
14 STABLECOINS.—

(i) United States coins and currency
(including Federal Reserve notes) or
money standing to the credit of an account
with a Federal Reserve Bank;

(ii) funds held as demand deposits (or other deposits that may be withdrawn upon request at any time) or insured shares at an insured depository institution (including any foreign branches or agents, including correspondent banks, of an insured depository institution), subject to limitations established by the Corporation and the National Credit Union Administration, as applicable, to address safety and soundness risks of such insured depository institution;

16 (II) issued with a maturity of 93
17 days or less;

18 (iv) money received under repurchase
19 agreements, with the permitted payment
20 stablecoin issuer acting as a seller of secu-
21 rities and with an overnight maturity, that
22 are backed by Treasury bills with a matu-
23 rity of 93 days or less;

(v) reverse repurchase agreements, with the permitted payment stablecoin

1 issuer acting as a purchaser of securities
2 and with an overnight maturity, that are
3 collateralized by Treasury notes, bills, or
4 bonds on an overnight basis, subject to
5 overcollateralization in line with standard
6 market terms, that are—

7 (I) tri-party;
8 (II) centrally cleared through a
9 clearing agency registered with the
10 Securities and Exchange Commission;
11 or

12 (III) bilateral with a
13 counterparty that the issuer has de-
14 termined to be adequately credit-
15 worthy even in the event of severe
16 market stress;

17 (vi) securities issued by an investment
18 company registered under section 8(a) of
19 the Investment Company Act of 1940 (15
20 U.S.C. 80a-8(a)), or other registered Gov-
21 ernment money market fund, and that are
22 invested solely in underlying assets de-
23 scribed in clauses (i) through (v);

24 (vii) any other similarly liquid Federal
25 Government-issued asset approved by the

1 primary Federal payment stablecoin regu-
2 lator, in consultation with the State pay-
3 ment stablecoin regulator, if applicable, of
4 the permitted payment stablecoin issuer; or
5 (viii) any reserve described in clause
6 (i) through (iii) or clause (vi) through (vii)
7 in tokenized form, provided that such re-
8 serves comply with all applicable laws and
9 regulations;

10 (B) publicly disclose the issuer's redemp-
11 tion policy, which shall—
12 (i) establish clear and conspicuous
13 procedures for timely redemption of out-
14 standing payment stablecoins, provided
15 that any discretionary limitations on timely
16 redemptions can only be imposed by a
17 State qualified payment stablecoin regu-
18 lator, the Corporation, the Comptroller, or
19 the Board, consistent with section 7; and
20 (ii) publicly, clearly, and conspicuously
21 disclose in plain language all fees associ-
22 ated with purchasing or redeeming the
23 payment stablecoins, provided that such
24 fees can only be changed upon not less

1 than 7 days' prior notice to consumers;

2 and

3 (C) publish the monthly composition of the

4 issuer's reserves on the website of the issuer,

5 containing—

6 (i) the total number of outstanding

7 payment stablecoins issued by the issuer;

8 and

9 (ii) the amount and composition of

10 the reserves described in subparagraph

11 (A), including the average tenor and geo-

12 graphic location of custody of each cat-

13 egory of reserve instruments.

14 (2) PROHIBITION ON REHYPOTHECATION.—Re-

15 serves required under paragraph (1)(A) may not be

16 pledged, rehypothecated, or reused by the permitted

17 payment stablecoin issuer, either directly or indi-

18 rectly, except for the purpose of—

19 (A) satisfying margin obligations in con-

20 nection with investments in permitted reserves

21 under clauses (iv) and (v) of paragraph (1)(A);

22 (B) satisfying obligations associated with

23 the use, receipt, or provision of standard custo-

24 dial services; or

(B) CERTIFICATION.—Each month, the Chief Executive Officer and Chief Financial Of-

1 ficer of a permitted payment stablecoin issuer
2 shall submit a certification as to the accuracy
3 of the monthly report to, as applicable—

4 (i) the primary Federal payment
5 stablecoin regulator of the permitted pay-
6 ment stablecoin issuer; or

7 (ii) the State payment stablecoin reg-
8 ulator of the permitted payment stablecoin
9 issuer.

10 (C) CRIMINAL PENALTY.—Any person who
11 submits a certification required under subpara-
12 graph (B) knowing that such certification is
13 false shall be subject to the same criminal pen-
14 alties as those set forth under section 1350(c)
15 of title 18, United States Code.

16 (4) CAPITAL, LIQUIDITY, AND RISK MANAGE-
17 MENT REQUIREMENTS.—

18 (A) IN GENERAL.—The primary Federal
19 payment stablecoin regulators shall, or in the
20 case of a State qualified payment stablecoin
21 issuer, the State payment stablecoin regulator
22 shall, consistent with section 13, issue regula-
23 tions implementing—

(I) are tailored to the business model and risk profile of permitted payment stablecoin issuers;

(III) in the case of the primary Federal payment stablecoin regulators, if the primary Federal payment stablecoin regulators determine that a capital buffer is necessary to ensure the ongoing operations of permitted payment stablecoin issuers, may include capital buffers that are tailored to the business model and risk profile of permitted payment stablecoin issuers;

22 (ii) the liquidity standard under para-
23 graph (1)(A);

(iii) reserve asset diversification, including deposit concentration at banking

1 institutions, and interest rate risk manage-
2 ment standards applicable to permitted
3 payment stablecoin issuers that—

(I) are tailored to the business model and risk profile of permitted payment stablecoin issuers; and

7 (II) do not exceed standards that
8 are sufficient to ensure the ongoing
9 operations of permitted payment
10 stablecoin issuers; and

11 (iv) appropriate operational, compli-
12 ance, and information technology risk
13 management principles-based requirements
14 and standards, including Bank Secrecy Act
15 and sanctions compliance standards,
16 that—

17 (I) are tailored to the business
18 model and risk profile of permitted
19 payment stablecoin issuers; and

20 (II) are consistent with applicable
21 law.

1 scribing standards under this paragraph,
2 to tailor or differentiate among issuers on
3 an individual basis or by category, taking
4 into consideration the capital structure,
5 business model risk profile, complexity, fi-
6 nancial activities (including financial activi-
7 ties of subsidiaries), size, and any other
8 risk-related factors of permitted payment
9 stablecoin issuers that a primary Federal
10 payment stablecoin regulator determines
11 appropriate, provided that such tailoring or
12 differentiation occurs without respect to
13 whether a permitted payment stablecoin
14 issuer is regulated by a State payment
15 stablecoin regulator; or

16 (ii) any supervisory, regulatory, or en-
17 forcement authority of a primary Federal
18 payment stablecoin regulator to further the
19 safe and sound operation of an institution
20 for which the primary Federal payment
21 stablecoin regulator is the appropriate reg-
22 ulator.

23 (C) APPLICABILITY OF EXISTING CAPITAL
24 STANDARDS.—

(ii) APPLICABILITY OF FINANCIAL STABILITY ACT.—With respect to the promulgation of rules under subparagraph (A) and clauses (iii) and (iv) of this subparagraph, section 171 of the Financial Stability Act of 2010 (12 U.S.C. 5371) shall not apply.

(iii) RULES RELATING TO LEVERAGE CAPITAL REQUIREMENTS OR RISK-BASED CAPITAL REQUIREMENTS.—Any rule issued by an appropriate Federal banking agency that imposes, on a consolidated basis, a leverage capital requirement or risk-based capital requirement with respect to an insured depository institution or depository institution holding company shall provide that, for purposes of such leverage capital requirement or risk-based capital requirement, any insured depository institution or

1 depository institution holding company
2 that includes, on a consolidated basis, a
3 permitted payment stablecoin issuer, shall
4 not be required to hold, with respect to
5 such permitted payment stablecoin issuer
6 and its assets and operations, any amount
7 of regulatory capital in excess of the cap-
8 ital that such permitted payment
9 stablecoin issuer must maintain under the
10 capital requirements issued pursuant to
11 subparagraph (A)(i).

12 (iv) MODIFICATIONS.—Not later than
13 the earlier of the rulemaking deadline
14 under section 13 or the date on which the
15 Federal payment stablecoin regulators
16 issue regulations to carry out this section,
17 each appropriate Federal banking agency
18 shall amend or otherwise modify any regu-
19 lation of the appropriate Federal banking
20 agency described in clause (iii) so that
21 such regulation, as amended or otherwise
22 modified, complies with clause (iii) of this
23 subparagraph.

24 (5) TREATMENT UNDER THE BANK SECRECY
25 ACT AND SANCTIONS LAWS.—

11 clude appropriate risk assessments and
12 designation of an officer to supervise the
13 program;

(ii) retention of appropriate records;

23 (v) maintenance of an effective cus-
24 tomer identification program, including
25 identification and verification of account

1 holders with the permitted payment
2 stablecoin issuer, high-value transactions,
3 and appropriate enhanced due diligence;
4 and

5 (vi) maintenance of an effective eco-
6 nomic sanctions compliance program, in-
7 cluding verification of sanctions lists, con-
8 sistent with Federal law.

9 (B) RULEMAKING.—The Secretary of the
10 Treasury shall adopt rules, tailored to the size
11 and complexity of permitted payment stablecoin
12 issuers, to implement subparagraph (A).

13 (C) RESERVATION OF AUTHORITY.—Noth-
14 ing in this Act shall restrict the authority of the
15 Secretary of the Treasury to implement, admin-
16 ister, and enforce the provisions of subchapter
17 II of chapter 53 of title 31, United States Code.

18 (6) COORDINATION WITH PERMITTED PAYMENT
19 STABLECOIN ISSUERS WITH RESPECT TO BLOCKING
20 OF PROPERTY AND TECHNOLOGICAL CAPABILITIES
21 TO COMPLY WITH LAWFUL ORDERS.—

22 (A) IN GENERAL.—The Secretary of the
23 Treasury—

24 (i) shall, to the best of the Secretary's
25 ability, coordinate with a permitted pay-

(C) REPORT REQUIRED.—Not later than 1 year after the date of enactment of this Act, the Attorney General and the Secretary of the Treasury shall submit to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives a report, which may include a classified annex if applica-

1 ble, on the coordination with permitted payment
2 stablecoin issuers required under subparagraph
3 (A).

4 (D) RULE OF CONSTRUCTION.—Nothing in
5 this paragraph shall be construed to alter or af-
6 fect the authority of State payment stablecoin
7 regulators with respect to the offer of foreign-
8 issued digital assets that are issued within a
9 foreign jurisdiction.

10 (7) LIMITATION ON PAYMENT STABLECOIN AC-
11 TIVITIES.—

12 (A) IN GENERAL.—A permitted payment
13 stablecoin issuer may only—
14 (i) issue payment stablecoins;
15 (ii) redeem payment stablecoins;
16 (iii) manage related reserves, includ-
17 ing purchasing, selling, and holding reserve
18 assets or providing custodial services for
19 reserve assets, consistent with State and
20 Federal law;
21 (iv) provide custodial or safekeeping
22 services for payment stablecoins, required
23 reserves, or private keys of payment
24 stablecoins, consistent with this Act; and

(v) undertake other activities that directly support any of the activities described in clauses (i) through (iv).

(B) RULE OF CONSTRUCTION.—Nothing in subparagraph (A) shall limit a permitted payment stablecoin issuer from engaging in payment stablecoin activities or digital asset service provider activities specified by this Act, and activities incidental thereto, that are authorized by the primary Federal payment stablecoin regulator or the State payment stablecoin regulator, as applicable, consistent with all other Federal and State laws, provided that the claims of payment stablecoin holders rank senior to any potential claims of non-stablecoin creditors with respect to the reserve assets, consistent with section 11.

18 (8) PROHIBITION ON TYING.—

(I) legal tender, as described in section 5103 of title 31, United States Code;

(III) guaranteed or approved by
the Government of the United States.

(B) PEGGED STABLECOINS.—Abbreviations directly relating to the currency to which a payment stablecoin is pegged, such as “USD”, are not subject to the prohibitions in subparagraph (A).

8 (10) AUDITS AND REPORTS.—

9 (A) ANNUAL FINANCIAL STATEMENT.—

1 annual financial statements described in
2 clause (i).

3 (iii) STANDARDS.—An audit described
4 in clause (ii) shall be conducted in accord-
5 ance with all applicable auditing standards
6 established by the Public Company Ac-
7 counting Oversight Board, including those
8 relating to auditor independence, internal
9 controls, and related party transactions.

10 (iv) RULE OF CONSTRUCTION.—Noth-
11 ing in this subparagraph shall be construed
12 to limit, alter, or expand the jurisdiction of
13 the Public Company Accounting Oversight
14 Board over permitted payment stablecoin
15 issuers or registered public accounting
16 firms.

17 (B) PUBLIC DISCLOSURE AND SUBMISSION
18 TO FEDERAL REGULATORS.—Each permitted
19 payment stablecoin issuer required to prepare
20 an audited annual financial statement under
21 subparagraph (A) shall—

22 (i) make such audited financial state-
23 ments publicly available on the website of
24 the permitted payment stablecoin issuer;
25 and

(ii) submit such audited financial statements annually to their primary Federal payment stablecoin regulator.

(11) PROHIBITION ON INTEREST.—No permitted payment stablecoin issuer or foreign payment stablecoin issuer shall pay the holder of any payment stablecoin any form of interest or yield (whether in cash, tokens, or other consideration) solely in connection with the holding, use, or retention of such payment stablecoin.

19 (12) NON-FINANCIAL SERVICES PUBLIC COMP-
20 NIES.—

21 (A) DEFINITIONS.—In this paragraph:

(I) has the meaning given that term in section 4(k) of the Bank

13 (B) PROHIBITION.—

22 (I) it will not pose a material risk
23 to the safety and soundness of the
24 United States banking system, the fi-

1 nancial stability of the United States,
2 or the Deposit Insurance Fund;

3 (II) the public company will com-
4 ply with data use limitations providing
5 that, unless the public company re-
6 ceives consent from the consumer,
7 nonpublic personal information ob-
8 tained from stablecoin transaction
9 data may not be—

10 (aa) used to target, person-
11 alize, or rank advertising or other
12 content;

13 (bb) sold to any third party;
14 or

15 (cc) shared with non-affili-
16 ates; and

17 (III) the public company and the
18 affiliates of the public company will
19 comply with the tying prohibitions
20 under paragraph (8).

21 (ii) EXCEPTION.—The prohibition
22 under clause (i) against the sharing of con-
23 sumer information shall not apply to shar-
24 ing of such information—

13 (C) EXTENSION OF PROHIBITION.—

22 (I) it will not pose a material risk
23 to the safety and soundness of the
24 United States banking system, the fi-

1 nancial stability of the United States,
2 or the Deposit Insurance Fund;

3 (II) the public company will com-
4 ply with data use limitations providing
5 that, unless the public company re-
6 ceives consent from the consumer,
7 nonpublic personal information ob-
8 tained from stablecoin transaction
9 data may not be—

10 (aa) used to target, person-
11 alize, or rank advertising or other
12 content;

13 (bb) sold to any third party;
14 or

15 (cc) shared with non-affili-
16 ates; except

17 (III) the public company and the
18 affiliates of the public company will
19 comply with the tying prohibitions
20 under paragraph (8).

21 (ii) EXCEPTION.—The prohibition
22 under clause (i) against the sharing of con-
23 sumer information shall not apply to shar-
24 ing of such information—

(D) RULEMAKING.—Not later than 1 year after the date of enactment of this Act, the Stablecoin Certification Review Committee shall issue an interpretive rule clarifying the application of this paragraph.

1 tional requirement of a State payment stablecoin
2 regulator that may apply relating to the offering of
3 payment stablecoins.

4 (b) REGULATION BY THE COMPTROLLER.—

5 (1) IN GENERAL.—Notwithstanding section
6 5136C of the Revised Statutes (12 U.S.C. 25b), sec-
7 tion 6 of the Home Owners' Loan Act (12 U.S.C.
8 1465), or any applicable State law relating to licens-
9 ing and supervision, a Federal qualified payment
10 stablecoin issuer approved by the Comptroller pursu-
11 ant to section 5 of this Act shall be licensed, regu-
12 lated, examined, and supervised exclusively by the
13 Comptroller, which shall have authority, in coordina-
14 tion with other relevant primary Federal payment
15 stablecoin regulators and State payment stablecoin
16 regulators, to issue such regulations and orders as
17 necessary to ensure financial stability and implement
18 subsection (a).

19 (2) CONFORMING AMENDMENT.—Section
20 324(b) of the Revised Statutes (12 U.S.C. 1(b)) is
21 amended by adding at the end the following:

22 “(3) REGULATION OF FEDERAL QUALIFIED
23 PAYMENT STABLECOIN ISSUERS.—The Comptroller
24 of the Currency shall, in coordination with other rel-
25 evant regulators and consistent with section 13 of

1 the GENIUS Act, issue such regulations and orders
2 as necessary to ensure financial stability and imple-
3 ment section 4(a) of that Act.”.

4 (c) STATE-LEVEL REGULATORY REGIMES.—

5 (1) OPTION FOR STATE-LEVEL REGULATORY
6 REGIME.—Notwithstanding the Federal regulatory
7 framework established under this Act, a State qualifi-
8 ed payment stablecoin issuer with a consolidated
9 total outstanding issuance of not more than
10 \$10,000,000,000 may opt for regulation under a
11 State-level regulatory regime, provided that the
12 State-level regulatory regime is substantially similar
13 to the Federal regulatory framework under this Act.

14 (2) PRINCIPLES.—The Secretary of the Treas-
15 ury shall, through notice and comment rulemaking,
16 establish broad-based principles for determining
17 whether a State-level regulatory regime is substancially similar to the Federal regulatory framework
18 under this Act.

19 (3) REVIEW.—State payment stablecoin regu-
20 lators shall review State-level regulatory regimes ac-
21 cording to the principles established by the Secretary
22 of the Treasury under paragraph (2) and for the
23 purposes of establishing any necessary cooperative
24 agreements to implement section 7(f).

1 (4) CERTIFICATION.—

2 (A) INITIAL CERTIFICATION.—Subject to
3 subparagraph (B), not later than 1 year after
4 the effective date of this Act, a State payment
5 stablecoin regulator shall submit to the
6 Stablecoin Certification Review Committee an
7 initial certification that the State-level regu-
8 latory regime meets the criteria for substantial
9 similarity established pursuant to paragraph
10 (2).

11 (B) FORM OF CERTIFICATION.—The initial
12 certification required under subparagraph (A)
13 shall contain, in a form prescribed by the
14 Stablecoin Certification Review Committee, an
15 attestation that the State-level regulatory re-
16 gime meets the criteria for substantial simi-
17 larity established pursuant to paragraph (2).

18 (C) ANNUAL RECERTIFICATION.—Not later
19 than a date to be determined by the Secretary
20 of the Treasury each year, a State payment
21 stablecoin regulator shall submit to the
22 Stablecoin Certification Review Committee an
23 additional certification that confirms the accu-
24 racy of the initial certification submitted under
25 subparagraph (A).

1 (5) CERTIFICATION REVIEW.—

2 (A) IN GENERAL.—Not later than 30 days
3 after the date on which a State payment
4 stablecoin regulator submits an initial certifi-
5 cation or a recertification under paragraph (4),
6 the Stablecoin Certification Review Committee
7 shall—

8 (i) approve such certification if the
9 Committee unanimously determines that
10 the State-level regulatory regime meets or
11 exceeds the standards and requirements
12 described in subsection (a); or

13 (ii) deny such certification and pro-
14 vide the State payment stablecoin regu-
15 lator with a written explanation of the de-
16 nial, describing the reasoned basis for the
17 denial with sufficient detail to enable the
18 State payment stablecoin regulator and
19 State-level regulatory regime to make any
20 changes necessary to meet or exceed the
21 standards and requirements described in
22 subsection (a).

23 (B) RECERTIFICATIONS.—With respect to
24 any recertification certification submitted by a
25 State payment stablecoin regulator under para-

1 graph (4), the Stablecoin Certification Review
2 Committee shall only deny the recertification
3 if—

4 (i) the State-level regulatory regime
5 has materially changed from the prior cer-
6 tification or there has been a significant
7 change in circumstances; and

8 (ii) the material change in the regime
9 or significant change in circumstances de-
10 scribed in clause (i) is such that the State-
11 level regulatory regime will not promote
12 the safe and sound operation of State
13 qualified payment stablecoin issuers under
14 its supervision.

15 (C) OPPORTUNITY TO CURE.—

16 (i) IN GENERAL.—With respect to a
17 denial described under subparagraph (A)
18 or (B), the Stablecoin Certification Review
19 Committee shall provide the State payment
20 stablecoin regulator with not less than 180
21 days from the date on which the State pay-
22 ment stablecoin regulator is notified of
23 such denial to—

24 (I) make such changes as may be
25 necessary to ensure the State-level

1 regulatory regime meets or exceeds
2 the standards described in subsection
3 (a); and

4 (II) resubmit the initial certifi-
5 cation or recertification.

6 (ii) DENIAL.—If, after a State pay-
7 ment stablecoin regulator resubmits an ini-
8 tial certification or recertification under
9 clause (i), the Stablecoin Certification Re-
10 view Committee again determines that the
11 initial certification or recertification shall
12 result in a denial, the Stablecoin Certifi-
13 cation Review Committee shall, not later
14 than 30 days after such determination,
15 provide the State payment stablecoin regu-
16 lator with a written explanation for the de-
17 termination.

18 (D) APPEAL OF DENIAL.—A State pay-
19 ment stablecoin regulator in receipt of a denial
20 under subparagraph (C)(ii) may appeal the de-
21 nial to the United States Court of Appeals for
22 the District of Columbia Circuit.

23 (E) RIGHT TO RESUBMIT.—A State pay-
24 ment stablecoin regulator in receipt of a denial
25 under this paragraph shall not be prohibited

1 from resubmitting a new certification under
2 paragraph (4).

3 (6) LIST.—The Secretary of the Treasury shall
4 publish and maintain in the Federal Register and on
5 the website of the Department of the Treasury a list
6 of States that have submitted initial certifications
7 and recertifications under paragraph (4).

8 (7) EXPEDITED CERTIFICATIONS OF EXISTING
9 REGULATORY REGIMES.—The Stablecoin Certifi-
10 cation Review Committee shall take all necessary
11 steps to endeavor that, with respect to a State that,
12 within 180 days of the date of enactment of this
13 Act, has in effect a prudential regulatory regime (in-
14 cluding regulations and guidance) for the super-
15 vision of digital assets or payment stablecoins, the
16 certification process under this paragraph with re-
17 spect to that regime occurs on an expedited timeline
18 after the effective date of this Act.

19 (d) TRANSITION TO FEDERAL OVERSIGHT.—

20 (1) DEPOSITORY INSTITUTION.—A State char-
21 tered depository institution that is a State qualified
22 payment stablecoin issuer with a payment stablecoin
23 with a consolidated total outstanding issuance of
24 more than \$10,000,000,000 shall—

1 (A) not later than 360 days after the pay-
2 ment stablecoin reaches such threshold, transi-
3 tion to the Federal regulatory framework of the
4 primary Federal payment stablecoin regulator
5 of the State chartered depository institution,
6 which shall be administered by the State pay-
7 ment stablecoin regulator of the State chartered
8 depository institution and the primary Federal
9 payment stablecoin regulator acting jointly; or

10 (B) beginning on the date the payment
11 stablecoin reaches such threshold, cease issuing
12 new payment stablecoins until the payment
13 stablecoin is under the \$10,000,000,000 con-
14 solidated total outstanding issuance threshold.

15 (2) OTHER INSTITUTIONS.—A State qualified
16 payment stablecoin issuer not described in para-
17 graph (1) with a payment stablecoin with a consoli-
18 dated total outstanding issuance of more than
19 \$10,000,000,000 shall—

20 (A) not later than 360 days after the pay-
21 ment stablecoin reaches such threshold, transi-
22 tion to the Federal regulatory framework under
23 subsection (a) administered by the relevant
24 State payment stablecoin regulator and the
25 Comptroller, acting in coordination; or

(B) beginning on the date the payment stablecoin reaches such threshold, cease issuing new payment stablecoins until the payment stablecoin is under the \$10,000,000,000 consolidated total outstanding issuance threshold.

6 (3) WAIVER.—

20 (i) The capital maintained by the
21 State qualified payment stablecoin issuer.

22 (ii) The past operations and examination history of the State qualified payment
23 stablecoin issuer.

5 (iv) The supervisory framework, in-
6 cluding regulations and guidance, of the
7 State qualified payment stablecoin issuer
8 with respect to payment stablecoins and
9 digital assets.

10 (C) RULE OF CONSTRUCTION.—

(i) FEDERAL OVERSIGHT.—A State qualified payment stablecoin issuer subject to Federal oversight under paragraph (1) or (2) of this subsection that does not receive a waiver under this paragraph shall continue to be supervised by the State payment stablecoin regulator of the State qualified payment stablecoin issuer jointly with the primary Federal payment stablecoin regulator. Nothing in this subsection shall require the State qualified payment stablecoin issuer to convert to a Federal charter.

24 (ii) STATE OVERSIGHT.—A State
25 qualified payment stablecoin issuer super-

1 vised by a State payment stablecoin regu-
2 lator that has established a prudential reg-
3 ulatory regime (including regulations and
4 guidane) for the supervision of digital as-
5 sets or payment stablecoins before the 90-
6 day period ending on the date of enact-
7 ment of this Act that has been certified
8 pursuant to subsection (c) and has ap-
9 proved 1 or more issuers to issue payment
10 stablecoins under the supervision of such
11 State payment stablecoin regulator, shall
12 be presumptively approved for a waiver
13 under this paragraph, unless the Federal
14 payment stablecoin regulator finds, by
15 clear and convincing evidence, that the re-
16 quirements of subparagraph (B) are not
17 substantially met with respect to that
18 issuer or that the issuer poses significant
19 safety and soundness risks to the financial
20 system of the United States.

21 (e) MISREPRESENTATION OF INSURED STATUS.—

22 (1) IN GENERAL.—Payment stablecoins shall
23 not be backed by the full faith and credit of the
24 United States, guaranteed by the United States
25 Government, subject to deposit insurance by the

1 Federal Deposit Insurance Corporation, or subject
2 to share insurance by the National Credit Union Ad-
3 ministration.

4 (2) MISREPRESENTATION OF INSURED STA-
5 TUS.—

6 (A) IN GENERAL.—It shall be unlawful to
7 represent that payment stablecoins are backed
8 by the full faith and credit of the United
9 States, guaranteed by the United States Gov-
10 ernment, or subject to Federal deposit insur-
11 ance or Federal share insurance.

12 (B) PENALTY.—A violation of subparagraph
13 (A) shall be considered a violation of sec-
14 tion 18(a)(4) of the Federal Deposit Insurance
15 Act (12 U.S.C. 1828(a)(4)) or section 709 of
16 title 18, United States Code, as applicable.

17 (3) MARKETING.—

18 (A) IN GENERAL.—It shall be unlawful to
19 market a product in the United States as a
20 payment stablecoin unless the product is issued
21 pursuant to this Act.

22 (B) PENALTY.—Whoever knowingly and
23 willfully participates in a violation of subpara-
24 graph (A) shall be fined by the Department of

1 the Treasury not more than \$500,000 for each
2 such violation.

12 (D) REFERRAL TO SECRETARY OF THE
13 TREASURY.—If a Federal payment stablecoin
14 regulator has reason to believe that any person
15 has knowingly and willfully violated subparagraph
16 (A), the Federal payment stablecoin reg-
17 ular shall refer the matter to the Secretary of
18 the Treasury.

19 (f) OFFICERS OR DIRECTORS CONVICTED OF CER-
20 TAIN FELONIES.—

21 (1) IN GENERAL.—No individual who has been
22 convicted of a felony offense involving insider trad-
23 ing, embezzlement, cybercrime, money laundering, fi-
24 nancing of terrorism, or financial fraud may serve
25 as—

(B) a director of a payment stablecoin issuer.

5 (2) PENALTY.—

17 (g) CLARIFICATION RELATING TO FEDERAL SAVINGS
18 ASSOCIATION RESERVES.—A Federal savings association
19 established under the Home Owners' Loan Act (12 U.S.C.
20 1461 et seq.) that holds a reserve that satisfies the re-
21 quirements of section 4(a)(1) shall not be required to sat-
22 isfy the qualified thrift lender test under section 10(m)
23 of the Home Owners' Loan Act (12 U.S.C. 1467a(m))
24 with respect to such reserve assets.

1 (1) IN GENERAL.—Consistent with section 13,
2 the primary Federal payment stablecoin regulators
3 shall, and State payment stablecoin regulators may,
4 issue such regulations relating to permitted payment
5 stablecoin issuers as may be necessary to establish
6 a payment stablecoin regulatory framework nec-
7 essary to administer and carry out the requirements
8 of this section, including to establish conditions, and
9 to prevent evasion thereof.

10 (2) COORDINATED ISSUANCE OF REGULA-
11 TIONS.—All regulations issued to carry out this sec-
12 tion shall be issued in coordination by the primary
13 Federal payment stablecoin regulators, if not issued
14 by a State payment stablecoin regulator.

15 (i) RULES OF CONSTRUCTION.—Nothing in this Act
16 shall be construed—

17 (1) as expanding the authority of the Board
18 with respect to the services the Board can make di-
19 rectly available to the public; or

20 (2) to limit or prevent the continued application
21 of applicable ethics statutes and regulations adminis-
22 tered by the Office of Government Ethics, or the
23 ethics rules of the Senate and the House of Rep-
24 resentatives, including section 208 of title 18,
25 United States Code, and sections 2635.702 and

1 2635.802 of title 5, Code of Federal Regulations.
2 For the avoidance of doubt, existing Office of Gov-
3 ernment Ethics laws and the ethics rules of the Sen-
4 ate and the House of Representatives prohibit any
5 member of Congress or senior executive branch offi-
6 cial from issuing a payment stablecoin during their
7 time in public service. For the purposes of this para-
8 graph, an employee described in section 202 of title
9 18, United States Code, shall be deemed an execu-
10 tive branch employee for purposes of complying with
11 section 208 of that title.

SEC. 5. APPROVAL OF SUBSIDIARIES OF INSURED DEPOSITORY INSTITUTIONS AND FEDERAL QUALIFIED PAYMENT STABLECOIN ISSUERS.

15 (a) APPLICATION.—

1 stablecoins as a Federal qualified payment
2 stablecoin issuer; and

3 (B) establish a process and framework for
4 the licensing, regulation, examination, and su-
5 pervision of such entities that prioritizes the
6 safety and soundness of such entities.

7 (2) AUTHORITY TO ISSUE REGULATIONS AND
8 PROCESS APPLICATIONS.—The primary Federal pay-
9 ment stablecoin regulators shall, before the date de-
10 scribed in section 13—

11 (A) issue regulations consistent with that
12 section to carry out this section; and

13 (B) pursuant to the regulations described
14 in subparagraph (A), accept and process appli-
15 cations described in paragraph (1).

16 (3) MANDATORY APPROVAL PROCESS.—A pri-
17 mary Federal payment stablecoin regulator shall,
18 upon receipt of a substantially complete application
19 received under paragraph (1), evaluate and make a
20 determination on each application based on the cri-
21 teria established under this Act.

22 (b) EVALUATION OF APPLICATIONS.—A substantially
23 complete application received under subsection (a) shall be
24 evaluated by the primary Federal payment stablecoin reg-
25 ulator using the factors described in subsection (c).

1 (c) FACTORS TO BE CONSIDERED.—The factors de-
2 scribed in this subsection are the following:

3 (1) The ability of the applicant (or, in the case
4 of an applicant that is an insured depository institu-
5 tion, the subsidiary of the applicant), based on fi-
6 nancial condition and resources, to meet the require-
7 ments set forth under section 4.

8 (2) Whether an individual who has been con-
9 victed of a felony offense involving insider trading,
10 embezzlement, cybercrime, money laundering, fi-
11 nancing of terrorism, or financial fraud is serving as
12 an officer or director of the applicant.

13 (3) The competence, experience, and integrity
14 of the officers, directors, and principal shareholders
15 of the applicant, its subsidiaries, and parent com-
16 pany, including—

17 (A) the record of those officers, directors,
18 and principal shareholders of compliance with
19 laws and regulations; and

20 (B) the ability of those officers, directors,
21 and principal shareholders to fulfill any com-
22 mitments to, and any conditions imposed by,
23 their primary Federal payment stablecoin regu-
24 lator in connection with the application at issue
25 and any prior applications.

1 (4) Whether the redemption policy of the appli-
2 cant meets the standards under section 4(a)(1)(B).

3 (5) Any other factors established by the pri-
4 mary Federal payment stablecoin regulator that are
5 necessary to ensure the safety and soundness of the
6 permitted payment stablecoin issuer.

7 (d) TIMING FOR DECISION; GROUNDS FOR DE-
8 NIAL.—

9 (1) TIMING FOR DECISIONS ON APPLICA-
10 TIONS.—

11 (A) IN GENERAL.—Not later than 120
12 days after receiving a substantially complete ap-
13 plication under subsection (a), a primary Fed-
14 eral payment stablecoin regulator shall render a
15 decision on the application.

16 (B) SUBSTANTIALLY COMPLETE.—

17 (i) IN GENERAL.—For purposes of
18 subparagraph (A), an application shall be
19 considered substantially complete if the ap-
20 plication contains sufficient information for
21 the primary Federal payment stablecoin
22 regulator to render a decision on whether
23 the applicant satisfies the factors described
24 in subsection (c).

(ii) NOTIFICATION.—Not later than 30 days after receiving an application under subsection (a), a primary Federal payment stablecoin regulator shall notify the applicant as to whether the primary Federal payment stablecoin regulator considers the application to be substantially complete and, if the application is not substantially complete, the additional information the applicant shall provide in order for the application to be considered substantially complete.

21 (2) DENIAL OF APPLICATION.—

22 (A) GROUNDS FOR DENIAL.—

1 received under subsection (a) if the regu-
2 lator determines that the activities of the
3 applicant would be unsafe or unsound
4 based on the factors described in sub-
5 section (c).

6 (ii) ISSUANCE ON OPEN, PUBLIC, OR
7 DECENTRALIZED NETWORK NOT GROUND
8 FOR DENIAL.—The issuance of a payment
9 stablecoin on an open, public, or decentral-
10 ized network shall not be a valid ground
11 for denial of an application received under
12 subsection (a).

13 (B) EXPLANATION REQUIRED.—If a pri-
14 mary Federal payment stablecoin regulator de-
15 nies a complete application received under sub-
16 section (a), not later than 30 days after the
17 date of such denial, the regulator shall provide
18 the applicant with written notice explaining the
19 denial with specificity, including all findings
20 made by the regulator with respect to all identi-
21 fied material shortcomings in the application,
22 including actionable recommendations on how
23 the applicant could address the identified mate-
24 rial shortcomings.

1 statement of the basis for that determina-
2 tion, with specific findings.

3 (iv) NOTICE IF NO HEARING.—If an
4 applicant does not make a timely request
5 for a hearing under this subparagraph, the
6 primary Federal payment stablecoin regu-
7 lator shall notify the applicant, not later
8 than 10 days after the date by which the
9 applicant may request a hearing under this
10 subparagraph, in writing, that the denial
11 of the application is a final determination
12 of the primary Federal payment stablecoin
13 regulator.

14 (3) FAILURE TO RENDER A DECISION.—If a
15 primary Federal payment stablecoin regulator fails
16 to render a decision on a complete application within
17 the time period specified in paragraph (1), the appli-
18 cation shall be deemed approved.

19 (4) RIGHT TO REAPPLY.—The denial of an ap-
20 plication under this section shall not prohibit the ap-
21 plicant from filing a subsequent application.

22 (e) REPORTS ON PENDING APPLICATIONS.—Each
23 primary Federal payment stablecoin regulator shall—
24 (1) notify Congress upon beginning to process
25 applications under this Act; and

1 (2) annually report to Congress on the applica-
2 tions that have been pending for 180 days or more
3 since the date the initial application was filed and
4 for which the applicant has been informed that the
5 application remains incomplete, including docu-
6 mentation on the status of such applications and
7 why such applications have not yet been approved.

8 (f) SAFE HARBOR FOR PENDING APPLICATIONS.—

9 The primary Federal payment stablecoin regulators may
10 waive the application of the requirements of this Act for
11 a period not to exceed 12 months beginning on the effec-
12 tive date of this Act, with respect to—

13 (1) a subsidiary of an insured depository insti-
14 tution, if the insured depository institution has an
15 application pending for the subsidiary to become a
16 permitted payment stablecoin issuer on that effective
17 date; or

18 (2) a Federal qualified payment stablecoin
19 issuer with a pending application on that effective
20 date.

21 (g) RULEMAKING.—Consistent with section 13, the
22 primary Federal payment stablecoin regulators shall issue
23 rules necessary for the regulation of the issuance of pay-
24 ment stablecoins, but may not impose requirements in ad-
25 dition to the requirements specified under section 4.

1 (h) RELATION TO OTHER LICENSING REQUIRE-
2 MENTS.—The provisions of this section supersede and pre-
3empt any State requirement for a charter, license, or other
4 authorization to do business with respect to a Federal
5 qualified payment stablecoin issuer or subsidiary of an in-
6 sured depository institution or credit union that is ap-
7 proved under this section to be a permitted payment
8 stablecoin issuer. Nothing in this subsection shall preempt
9 or supersede the authority of a State to charter, license,
10 supervise, or regulate an insured depository institution or
11 credit union chartered in such State or to supervise a sub-
12 sidiary of such insured depository institution or credit
13 union that is approved under this section to be a permitted
14 payment stablecoin issuer.

15 (i) CERTIFICATION REQUIRED.—

16 (1) IN GENERAL.—Not later than 180 days
17 after the approval of an application, and on an an-
18 nual basis thereafter, each permitted payment
19 stablecoin issuer shall submit to its primary Federal
20 payment stablecoin regulator, or in the case of a
21 State qualified payment stablecoin issuer its State
22 payment stablecoin regulator, a certification that the
23 issuer has implemented anti-money laundering and
24 economic sanctions compliance programs that are
25 reasonably designed to prevent the permitted pay-

1 ment stablecoin issuer from facilitating money laun-
2 dering, in particular, facilitating money laundering
3 for cartels and organizations designated as foreign
4 terrorist organizations under section 219 of the Im-
5 migration and Nationality Act (8 U.S.C. 1189) and
6 the financing of terrorist activities, consistent with
7 the requirements of this Act.

8 (2) AVAILABILITY OF CERTIFICATIONS.—Fed-
9 eral payment stablecoin regulators and State pay-
10 ment stablecoin regulators shall make certifications
11 described in paragraph (1) available to the Secretary
12 of Treasury upon request.

13 (3) PENALTIES.—

14 (A) APPROVAL REVOCATION.—The pri-
15 mary Federal payment stablecoin regulator or
16 State payment stablecoin regulator of a per-
17 mitted payment stablecoin issuer that does not
18 submit a certification pursuant to paragraph
19 (1) may revoke the approval of the payment
20 stablecoin issuer under this section.

21 (B) CRIMINAL PENALTY.—

22 (i) IN GENERAL.—Any person that
23 knowingly submits a certification pursuant
24 to paragraph (1) that is false shall be sub-
25 ject to the criminal penalties set forth

under section 1001 of title 18, United States Code.

12 SEC. 6. SUPERVISION AND ENFORCEMENT WITH RESPECT
13 TO FEDERAL QUALIFIED PAYMENT
14 STABLECOIN ISSUERS AND SUBSIDIARIES OF
15 INSURED DEPOSITORY INSTITUTIONS.

16 (a) SUPERVISION.—

1 shall, upon request, submit to the appropriate pri-
2 mary Federal payment stablecoin regulator a report
3 on—

4 (A) the financial condition of the permitted
5 payment stablecoin issuer;

6 (B) the systems of the permitted payment
7 stablecoin issuer for monitoring and controlling
8 financial and operating risks;

9 (C) compliance by the permitted payment
10 stablecoin issuer (and any subsidiary thereof)
11 with this Act; and

12 (D) the compliance of the Federal qualified
13 nonbank payment stablecoin issuer with the re-
14 quirements of the Bank Secrecy Act and with
15 laws authorizing the imposition of sanctions
16 and implemented by the Secretary of the Treas-
17 ury.

18 (3) EXAMINATIONS.—The appropriate primary
19 Federal payment stablecoin regulator shall examine
20 a permitted payment stablecoin issuer described in
21 paragraph (1) in order to assess—

22 (A) the nature of the operations and finan-
23 cial condition of the permitted payment
24 stablecoin issuer;

(i) the safety and soundness of the
permitted payment stablecoin issuer; or

(C) the systems of the permitted payment stablecoin issuer for monitoring and controlling the risks described in subparagraph (B).

12 (4) REQUIREMENTS FOR EFFICIENCY.—

(B) AVOIDANCE OF DUPLICATION.—A primary Federal payment stablecoin regulator shall, to the fullest extent possible, avoid duplication of examination activities, reporting requirements, and requests for information in carrying out this subsection with respect to a permitted payment stablecoin issuer.

(C) CONSIDERATION OF BURDEN.—A primary Federal payment stablecoin regulator shall, with respect to any examination or request for the submission of a report under this subsection, only request examinations and reports at a cadence and in a format that is similar to that required for similarly situated entities regulated by the primary Federal payment stablecoin regulator.

10 (b) ENFORCEMENT.—

(1) SUSPENSION OR REVOCATION OF REGISTRATION.—The primary Federal payment stablecoin regulator of a permitted payment stablecoin issuer that is not a State qualified payment stablecoin issuer with a payment stablecoin with a consolidated total outstanding issuance of less than \$10,000,000,000 may prohibit the permitted payment stablecoin issuer from issuing payment stablecoins, if the primary Federal payment stablecoin regulator determines that such permitted payment stablecoin issuer, or an institution-affiliated party of the permitted payment stablecoin issuer is willfully or recklessly violating or has willfully or recklessly violated—

1 (A) this Act or any regulation or order
2 issued under this Act; or

3 (B) any condition imposed in writing by
4 the primary Federal payment stablecoin regu-
5 lator in connection with a written agreement
6 entered into between the permitted payment
7 stablecoin issuer and the primary Federal pay-
8 ment stablecoin regulator.

9 (2) CEASE-AND-DESIST PROCEEDINGS.—If the
10 primary Federal payment stablecoin regulator of a
11 permitted payment stablecoin issuer that is not a
12 State qualified payment stablecoin issuer with a pay-
13 ment stablecoin with a consolidated total out-
14 standing issuance of less than \$10,000,000,000 has
15 reasonable cause to believe that the permitted pay-
16 ment stablecoin issuer or any institution-affiliated
17 party of the permitted payment stablecoin issuer is
18 violating, has violated, or is attempting to violate
19 this Act, any regulation or order issued under this
20 Act, or any written agreement entered into with the
21 primary Federal payment stablecoin regulator or
22 condition imposed in writing by the primary Federal
23 payment stablecoin regulator in connection with any
24 application or other request, the primary Federal
25 payment stablecoin regulator may, by provisions that

1 are mandatory or otherwise, order the permitted
2 payment stablecoin issuer or institution-affiliated
3 party of the permitted payment stablecoin issuer
4 to—

5 (A) cease and desist from such violation or
6 practice; or

7 (B) take affirmative action to correct the
8 conditions resulting from any such violation or
9 practice.

10 (3) REMOVAL AND PROHIBITION AUTHORITY.—

11 The primary Federal payment stablecoin regulator
12 of a permitted payment stablecoin issuer that is not
13 a State qualified payment stablecoin issuer may re-
14 move an institution-affiliated party of the permitted
15 payment stablecoin issuer from the position or office
16 of that institution-affiliated party or prohibit further
17 participation in the affairs of the permitted payment
18 stablecoin issuer or of all such permitted payment
19 stablecoin issuers by that institution-affiliated party,
20 if the primary Federal payment stablecoin regulator
21 determines that—

22 (A) the institution-affiliated party has
23 knowingly committed a violation or attempted
24 violation of this Act or any regulation or order
25 issued under this Act; or

5 (4) PROCEDURES.—

(A) IN GENERAL.—If a primary Federal payment stablecoin regulator identifies a violation or attempted violation of this Act or makes a determination under paragraph (1), (2), or (3), the primary Federal payment stablecoin regulator shall comply with the procedures set forth in subsections (b) and (e) of section 8 of the Federal Deposit Insurance Act (12 U.S.C. 1818) or subsections (e) and (g) of section 206 of the Federal Credit Union Act (12 U.S.C. 1786(e) and (g)), as applicable.

(C) INJUNCTION.—A primary Federal payment stablecoin regulator may, at the discretion

1 of the regulator, follow the procedures provided
2 in section 8(i)(1) of the Federal Deposit Insur-
3 ance Act (12 U.S.C. 1818(i)(1)) or section
4 206(k)(1) of the Federal Credit Union Act (12
5 U.S.C. 1786(k)(1)), as applicable, for judicial
6 enforcement of any effective and outstanding
7 notice or order issued under this subsection.

8 (D) TEMPORARY CEASE-AND-DESIST PRO-
9 CEEDINGS.—If a primary Federal payment
10 stablecoin regulator determines that a violation
11 or attempted violation of this Act or an action
12 with respect to which a determination was made
13 under paragraph (1), (2), or (3), or the con-
14 tinuation thereof, is likely to cause insolvency or
15 significant dissipation of assets or earnings of a
16 permitted payment stablecoin issuer, or is likely
17 to weaken the condition of the permitted pay-
18 ment stablecoin issuer or otherwise prejudice
19 the interests of the customers of the permitted
20 payment stablecoin issuer prior to the comple-
21 tion of the proceedings conducted under this
22 paragraph, the primary Federal payment
23 stablecoin regulator may follow the procedures
24 provided in section 8(c) of the Federal Deposit
25 Insurance Act (12 U.S.C. 1818(c)) or section

1 206(f) of the Federal Credit Union Act (12
2 U.S.C. 1786(f)), as applicable, to issue a tem-
3 porary cease and desist order.

4 (5) CIVIL MONEY PENALTIES.—Unless other-
5 wise specified in this Act, the civil money penalties
6 for violations of this Act consist of the following:

7 (A) FAILURE TO BE APPROVED.—Any per-
8 son that issues a United States dollar-denomi-
9 nated payment stablecoin in violation of section
10 3, and any institution-affiliated party of such a
11 person who knowingly participates in issuing
12 such a payment stablecoin, shall be liable for a
13 civil penalty of not more than \$100,000 for
14 each day during which such payment
15 stablecoins are issued.

16 (B) FIRST TIER.—Except as provided in
17 subparagraph (A), a permitted payment
18 stablecoin issuer or institution-affiliated party
19 of such permitted payment stablecoin issuer
20 that materially violates this Act or any regula-
21 tion or order issued under this Act, or that ma-
22 terially violates any condition imposed in writ-
23 ing by the appropriate primary Federal pay-
24 ment stablecoin regulator in connection with a
25 written agreement entered into between the per-

(C) SECOND TIER.—Except as provided in subparagraph (A), and in addition to the penalties described in subparagraph (B), a permitted payment stablecoin issuer or institution-affiliated party of such permitted payment stablecoin issuer who knowingly participates in a violation of any provision of this Act, or any regulation or order issued under this Act, shall be liable for a civil penalty of not more than an additional \$100,000 for each day during which the violation continues.

(E) NOTICE AND ORDERS AFTER SEPARATION FROM SERVICE.—The resignation, termination of employment or participation, or separation of an institution-affiliated party (including a separation caused by the closing of a permitted payment stablecoin issuer) shall not affect the jurisdiction and authority of a primary Federal payment stablecoin regulator to issue any notice or order and proceed under this subsection against any such party, if such notice or order is served before the end of the 6-year period beginning on the date on which such party ceased to be an institution-affiliated party with respect to such permitted payment stablecoin issuer.

(c) RULE OF CONSTRUCTION.—Nothing in this Act may be construed to modify or otherwise affect any right or remedy under any Federal consumer financial law, including 12 U.S.C. 5515 and 15 U.S.C. 41 et seq.

1 **SEC. 7. STATE QUALIFIED PAYMENT STABLECOIN ISSUERS.**

2 (a) IN GENERAL.—A State payment stablecoin regu-
3 lator shall have supervisory, examination, and enforcement
4 authority over all State qualified payment stablecoin
5 issuers of such State.

6 (b) AUTHORITY TO ENTER INTO AGREEMENTS
7 WITH THE BOARD.—A State payment stablecoin regu-
8 lator may enter into a memorandum of understanding
9 with the Board, by mutual agreement, under which the
10 Board may participate in the supervision, examination,
11 and enforcement of this Act with respect to the State
12 qualified payment stablecoin issuers of such State.

13 (c) SHARING OF INFORMATION.—A State payment
14 stablecoin regulator and the Board shall share information
15 on an ongoing basis with respect to a State qualified pay-
16 ment stablecoin issuer of such State, including a copy of
17 the initial application and any accompanying documents.

18 (d) RULEMAKING.—A State payment stablecoin regu-
19 lator may issue orders and rules under section 4 applicable
20 to State qualified payment stablecoin issuers to the same
21 extent as the primary Federal payment stablecoin regu-
22 lators issue orders and rules under section 4 applicable
23 to permitted payment stablecoin issuers that are not State
24 qualified payment stablecoin issuers.

25 (e) ENFORCEMENT AUTHORITY IN UNUSUAL AND
26 EXIGENT CIRCUMSTANCES.—

1 (1) BOARD.—

2 (A) IN GENERAL.—Subject to subparagraph (C), under unusual and exigent circumstances that the Board determines to exist, the Board may, after not less than 48 hours' prior written notice to the applicable State payment stablecoin regulator, take an enforcement action against a State qualified payment stablecoin issuer or an institution-affiliated party of such issuer for violations of this Act during such unusual and exigent circumstances.

12 (B) RULEMAKING.—Consistent with section 13, the Board shall issue rules to set forth the unusual and exigent circumstances in which the Board may act under this paragraph.

16 (C) LIMITATIONS.—If, after unusual and exigent circumstances are determined to exist pursuant to subparagraph (A), the Board determines that there is reasonable cause to believe that the continuation by a State qualified payment stablecoin issuer of any activity constitutes a serious risk to the financial safety, soundness, or stability of the State qualified payment stablecoin issuer, the Board may impose such restrictions as the Board determines

1 to be necessary to address such risk during
2 such unusual and exigent circumstances, which
3 may include limitations on redemptions of pay-
4 ment stablecoins, and which shall be issued in
5 the form of a directive, with the effect of a
6 cease and desist order that has become final, to
7 the State qualified payment stablecoin issuer
8 and any of its affiliates, limiting—

(ii) any activities of the State qualified payment stablecoin issuer that might create a serious risk that the liabilities of a holding company and the affiliates of the holding company may be imposed on the State qualified payment stablecoin issuer.

21 (D) REVIEW OF DIRECTIVE.—

22 (i) ADMINISTRATIVE REVIEW.—

1 payment stablecoin issuer, or any in-
2 stitution-affiliated party of the State
3 qualified payment stablecoin issuer
4 subject to the directive, may object
5 and present to the Board, in writing,
6 the reasons why the directive should
7 be modified or rescinded.

8 (II) AUTOMATIC LAPSE OF DI-
9 RECTIVE.—If, after 10 days after the
10 receipt of a response described in sub-
11 clause (I), the Board does not affirm,
12 modify, or rescind the directive, the
13 directive shall automatically lapse.

14 (ii) JUDICIAL REVIEW.—

15 (I) IN GENERAL.—If the Board
16 affirms or modifies a directive pursu-
17 ant to clause (i), any affected party
18 may immediately thereafter petition
19 the United States district court for
20 the district in which the main office of
21 the affected party is located, or in the
22 United States District Court for the
23 District of Columbia, to stay, modify,
24 terminate, or set aside the directive.

8 (2) COMPTROLLER.—

1 mines that there is reasonable cause to believe
2 that the continuation of any activity by a State
3 qualified payment stablecoin issuer that is a
4 nonbank entity constitutes a serious risk to the
5 financial safety, soundness, or stability of the
6 State qualified payment stablecoin issuer that is
7 a nonbank entity, the Comptroller shall impose
8 such restrictions as the Comptroller determines
9 to be necessary to address such risk during
10 such unusual and exigent circumstances, which
11 may include limitations on redemption of pay-
12 ment stablecoins, and which shall be issued in
13 the form of a directive, with the effect of a
14 cease and desist order that has become final, to
15 the State qualified payment stablecoin issuer
16 that is a nonbank entity and any of its affili-
17 ates, limiting—

18 (i) transactions between the State
19 qualified payment stablecoin issuer, a hold-
20 ing company, and the subsidiaries or affili-
21 ates of either the State qualified payment
22 stablecoin issuer or the holding company;

1 create a serious risk that the liabilities of
2 a holding company and the affiliates of the
3 holding company may be imposed on the
4 State qualified payment stablecoin issuer.

5 (D) REVIEW OF DIRECTIVE.—

6 (i) ADMINISTRATIVE REVIEW.—

7 (I) IN GENERAL.—After a direc-
8 tive described in subparagraph (C) is
9 issued, the applicable Federal qual-
10 ified payment stablecoin issuer, or any
11 institution-affiliated party of the Fed-
12 eral qualified payment stablecoin
13 issuer subject to the directive, may
14 object and present to the Comptroller,
15 in writing, the reasons that the direc-
16 tive should be modified or rescinded.

17 (II) AUTOMATIC LAPSE OF DI-
18 RECTIVE.—If, after 10 days after the
19 receipt of a response described in sub-
20 clause (I), the Comptroller does not
21 affirm, modify, or rescind the direc-
22 tive, the directive shall automatically
23 lapse.

24 (ii) JUDICIAL REVIEW.—

19 (f) EFFECT ON STATE LAW.—

1 apply to the activities conducted in the host State by
2 an out-of-State Federal qualified payment stablecoin
3 issuer.

4 (2) HOME STATE LAW.—If any host State law
5 is determined not to apply under paragraph (1), the
6 laws of the home State of the State qualified pay-
7 ment stablecoin issuer shall govern the activities of
8 the permitted payment stablecoin issuer conducted
9 in the host State.

10 (3) APPLICABILITY.—

11 (A) IN GENERAL.—This subsection shall
12 only apply to an out-of-State State qualified
13 payment stablecoin issuer chartered, licensed,
14 or otherwise authorized to do business by a
15 State that has a certification in place pursuant
16 to section 4(c) of this Act.

17 (B) EXCLUSION.—The laws applicable to
18 an out-of-State qualified payment stablecoin
19 issuer under paragraph (1) exclude host State
20 laws governing the chartering, licensure, or
21 other authorization to do business in the host
22 State as a permitted payment stablecoin issuer
23 pursuant to this Act.

24 (4) RULE OF CONSTRUCTION.—Except for
25 State laws relating to the chartering, licensure, or

1 other authorization to do business as a permitted
2 payment stablecoin issuer, nothing in this Act shall
3 preempt State consumer protection laws, including
4 common law, and the remedies available thereunder.

5 **SEC. 8. ANTI-MONEY LAUNDERING PROTECTIONS.**

6 (a) PAYMENT STABLECOINS ISSUED BY A FOREIGN
7 PAYMENT STABLECOIN ISSUER.—

8 (1) IN GENERAL.—A payment stablecoin that is
9 issued by a foreign payment stablecoin issuer may
10 not be publicly offered, sold, or otherwise made
11 available for trading in the United States by a dig-
12 ital asset service provider unless the foreign payment
13 stablecoin issuer has the technological capability to
14 comply and complies with the terms of any lawful
15 order.

16 (2) ENFORCEMENT.—

17 (A) AUTHORITY.—The Secretary of the
18 Treasury shall have the authority to designate
19 any foreign issuer that publicly offers, sells, or
20 otherwise makes available a payment stablecoin
21 in violation of paragraph (1) as noncompliant.

22 (B) DESIGNATION AS NONCOMPLIANT.—
23 Not later than 30 days after the Department of
24 the Treasury has identified a foreign payment
25 stablecoin issuer of any payment stablecoin

1 trading in the United States that is in violation
2 of paragraph (1), the Secretary of the Treas-
3 ury, in coordination with relevant Federal agen-
4 cies, may, pursuant to the authority under sub-
5 paragraph (A), designate the foreign payment
6 stablecoin issuer as noncompliant and notify the
7 foreign payment stablecoin issuer in writing of
8 the designation.

9 (3) APPEAL.—A determination of noncompli-
10 ance under this subsection is subject to judicial re-
11 view in the United States Court of Appeals for the
12 District of Columbia Circuit.

13 (b) PUBLICATION OF DESIGNATION; PROHIBITION
14 ON SECONDARY TRADING.—

15 (1) IN GENERAL.—If a foreign payment
16 stablecoin issuer does not come into compliance with
17 the lawful order within 30 days from the date of
18 issuance of the written notice described in subsection
19 (a), except as provided in subsection (c), the Sec-
20 retary of the Treasury shall—

21 (A) publish the determination of non-
22 compliance in the Federal Register, including a
23 statement on the failure of the foreign payment
24 stablecoin issuer to comply with the lawful
25 order after the written notice; and

(B) issue a notification in the Federal Register prohibiting digital asset service providers from facilitating secondary trading of payment stablecoins issued by the foreign payment stablecoin issuer in the United States.

12 (3) EXPIRATION OF PROHIBITION.—

19 (B) RULEMAKING.—Consistent with sec-
20 tion 13, the Secretary of the Treasury shall
21 specify the criteria that a noncompliant foreign
22 issuer must meet for the Secretary of the
23 Treasury to determine that the foreign payment
24 stablecoin issuer is no longer noncompliant.

17 (B) FOREIGN PAYMENT STABLECOIN
18 ISSUERS.—Any foreign payment stablecoin
19 issuer that knowingly continues to publicly offer
20 a payment stablecoin in the United States after
21 publication of the determination of noncompli-
22 ance under paragraph (1)(A) shall be subject to
23 a civil monetary penalty of not more than
24 \$1,000,000 per violation per day, and the Sec-
25 retary of the Treasury may seek an injunction

1 in a district court of the United States to bar
2 the foreign payment stablecoin issuer from en-
3 gaging in financial transactions in the United
4 States or with United States persons.

(C) DETERMINATION OF THE NUMBER OF VIOLATIONS.—For purposes of determining the number of violations for which to impose a penalty under subparagraph (A) or (B), separate acts of noncompliance are a single violation when the acts are the result of a common or substantially overlapping originating cause. Notwithstanding the foregoing, the Secretary of Treasury may determine that multiple acts of noncompliance constitute separate violations if such acts were the result of gross negligence, a reckless disregard for, or a pattern of indifference to, money laundering, financing of terrorism, or sanctions evasion requirements.

10 (c) WAIVER AND LICENSING AUTHORITY EXEM-
11 TIONS.—

1 (2) NATIONAL SECURITY WAIVER.—The Sec-
2 retary of the Treasury, in consultation with the Di-
3 rector of National Intelligence and the Secretary of
4 State, may waive the application of the secondary
5 trading restrictions under subsection (b)(1)(B) if the
6 Secretary of the Treasury determines that the waiv-
7 er is in the national security interest of the United
8 States.

9 (3) WAIVER FOR INTELLIGENCE AND LAW EN-
10 FORCEMENT ACTIVITIES.—The head of a depart-
11 ment or agency may waive the application of this
12 section with respect to—

13 (A) activities subject to the reporting re-
14 quirements under title V of the National Secu-
15 rity Act of 1947 (50 U.S.C. 3091 et seq.), or
16 any authorized intelligence activities of the
17 United States; or

18 (B) activities necessary to carry out or as-
19 sist law enforcement activity of the United
20 States.

21 (4) REPORT REQUIRED.—Not later than 7 days
22 after issuing a waiver or a license under paragraph
23 (1), (2), or (3), the Secretary of the Treasury shall
24 submit to the chairs and ranking members of the
25 Committee on Banking, Housing, and Urban Affairs

1 of the Senate and the Committee on Financial Serv-
2 ices of the House of Representatives, a report, which
3 may include a classified annex, if applicable, includ-
4 ing the text of the waiver or license, as well as the
5 facts and circumstances justifying the waiver deter-
6 mination, and provide a briefing on the report.

7 (d) RULE OF CONSTRUCTION.—Nothing in this Act
8 shall be construed as altering the existing authority of the
9 Secretary of the Treasury to block, restrict, or limit trans-
10 actions involving payment stablecoins that reference or are
11 denominated in United States dollars that are subject to
12 the jurisdiction of the United States.

13 **SEC. 9. ANTI-MONEY LAUNDERING INNOVATION.**

14 (a) PUBLIC COMMENT.—Beginning on the date that
15 is 30 days after the date of enactment of this Act, and
16 for a period of 60 days thereafter, the Secretary of the
17 Treasury shall seek public comment to identify innovative
18 or novel methods, techniques, or strategies that regulated
19 financial institutions use, or have the potential to use, to
20 detect illicit activity, such as money laundering, involving
21 digital assets, including comments with respect to—

- 22 (1) application program interfaces;
23 (2) artificial intelligence;
24 (3) digital identify verification; and

(4) use of blockchain technology and monitoring.

3 (b) TREASURY RESEARCH.—

18 (A) Improvements in the ability of financial institutions to detect illicit activity involving
19 digital assets.

(B) Costs to regulated financial institutions.

(C) The amount and sensitivity of information that is collected or reviewed

(D) Privacy risks associated with the information that is collected or reviewed.

(E) Operational challenges and efficiency considerations.

5 (F) Cybersecurity risks.

(G) Effectiveness of methods, techniques,
or strategies at mitigating illicit finance.

8 (c) TREASURY RISK ASSESSMENT.—As part of the
9 national strategy for combating terrorist and other illicit
10 financing required under sections 261 and 262 of the
11 Countering America’s Adversaries Through Sanctions Act
12 (Public Law 115–44; 131 Stat. 934), the Secretary of the
13 Treasury shall consider—

14 (1) the source of illicit activity, such as money
15 laundering and sanctions evasion involving digital
16 assets:

1 (4) any foreign jurisdictions that pose a high
2 risk of facilitating illicit activity through the use of
3 digital assets to obtain fiat currency.

4 (d) FINCEN GUIDANCE OR RULEMAKING.—Not
5 later than 3 years after the date of enactment of this Act,
6 the Financial Crimes Enforcement Network shall issue
7 public guidance and notice and comment rulemaking,
8 based on the results of the research and risk assessments
9 required under this section, relating to the following:

10 (1) The implementation of innovative or novel
11 methods, techniques, or strategies by regulated fi-
12 nancial institutions to detect illicit activity involving
13 digital assets.

14 (2) Standards for payment stablecoin issuers to
15 identify and report illicit activity involving the pay-
16 ment stablecoin of a permitted payment stablecoin
17 issuer, including, fraud, cybercrime, money laun-
18 dering, financing of terrorism, sanctions evasion, or
19 insider trading.

20 (3) Standards for payment stablecoin issuers'
21 systems and practices to monitor transactions on
22 blockchains, digital asset mixing services, tumblers,
23 or other similar services that mix payment
24 stablecoins in such a way as to make such trans-

1 action or the identity of the transaction parties less
2 identifiable.

3 (4) Tailored risk management standards for fi-
4 nancial institutions interacting with decentralized fi-
5 nance protocols.

6 (e) RECOMMENDATIONS AND REPORT TO CON-
7 GRESS.—

8 (1) IN GENERAL.—Not later than 180 days
9 after the date of enactment of this Act, the Sec-
10 retary of the Treasury shall submit to the chairs and
11 ranking members of the Committee on Banking,
12 Housing, and Urban Affairs of the Senate and the
13 Committee on Financial Services of the House of
14 Representatives a report on—

15 (A) legislative and regulatory proposals to
16 allow regulated financial institutions to develop
17 and implement novel and innovative methods,
18 techniques, or strategies to detect illicit activity,
19 such as money laundering and sanctions eva-
20 sion, involving digital assets;

21 (B) the results of the research and risk as-
22 sessments conducted pursuant to this section;

23 (C) efforts to support the ability of finan-
24 cial institutions to implement novel and innova-
25 tive methods, techniques, or strategies to detect

1 illicit activity, such as money laundering and
2 sanctions evasion, involving digital assets;

3 (D) the extent to which transactions on
4 distributed ledgers, digital asset mixing serv-
5 ices, tumblers, or other similar services that
6 mix payment stablecoins in such a way as to
7 make such transaction or the identity of the
8 transaction parties less identifiable may facili-
9 tate illicit activity; and

10 (E) legislative recommendations relating to
11 the scope of the term “digital asset service pro-
12 vider” and the application of that term to de-
13 centralized finance.

14 (2) CLASSIFIED ANNEX.—A report under this
15 section may include a classified annex, if applicable.

16 (f) RULE OF CONSTRUCTION.—Nothing in this sec-
17 tion shall be construed to limit the existing authority of
18 the Secretary of the Treasury or the primary Federal pay-
19 ment stablecoin regulators to, prior to the submission of
20 a report required under this section, use existing exemp-
21 tive authorities, the no-action letter process, or rulemaking
22 authorities in a manner that encourages regulated finan-
23 cial institutions to adopt novel or innovative methods,
24 techniques, or strategies to detect illicit activity, such as
25 money laundering, involving digital assets.

1 **SEC. 10. CUSTODY OF PAYMENT STABLECOIN RESERVE**
2 **AND COLLATERAL.**

3 (a) IN GENERAL.—A person may only engage in the
4 business of providing custodial or safekeeping services for
5 the payment stablecoin reserve, the payment stablecoins
6 used as collateral, or the private keys used to issue per-
7 mitted payment stablecoins if the person—

8 (1) is subject to—

9 (A) supervision or regulation by a primary
10 Federal payment stablecoin regulator or a pri-
11 mary financial regulatory agency described
12 under subparagraph (B) or (C) of section 2(12)
13 of the Dodd-Frank Wall Street Reform and
14 Consumer Protection Act (12 U.S.C.
15 5301(12)); or

16 (B) supervision by a State bank super-
17 visor, as defined under section 3 of the Federal
18 Deposit Insurance Act (12 U.S.C. 1813), or a
19 State credit union supervisor, as defined under
20 section 6003 of the Anti-Money Laundering Act
21 of 2020 (31 U.S.C. 5311 note), and such State
22 bank supervisor or State credit union supervisor
23 makes available to the Board such information
24 as the Board determines necessary and relevant
25 to the categories of information under sub-
26 section (d); and

1 (2) complies with the requirements under sub-
2 section (b), unless such person holds such property
3 in accordance with similar requirements as required
4 by a primary Federal payment stablecoin regulator,
5 the Securities and Exchange Commission, or the
6 Commodity Futures Trading Commission.

7 (b) CUSTOMER PROPERTY REQUIREMENT.—A per-
8 son described in subsection (a) shall, with respect to other
9 property described in that subsection—

10 (1) treat and deal with the payment stablecoins,
11 private keys, cash, and other property of a person
12 for whom or on whose behalf the person described
13 in that subsection receives, acquires, or holds pay-
14 ment stablecoins, private keys, cash, and other prop-
15 erty (hereinafter referred to in this section as the
16 “customer”) as belonging to such customer and not
17 as the property of such person; and

18 (2) take such steps as are appropriate to pro-
19 tect the payment stablecoins, private keys, cash, and
20 other property of a customer from the claims of
21 creditors of the person.

22 (c) COMMINGLING PROHIBITED.—

23 (1) IN GENERAL.—Payment stablecoin reserves,
24 payment stablecoins, cash, and other property of a
25 permitted payment stablecoin issuer or customer

1 shall be separately accounted for by a person de-
2 scribed in subsection (a) and shall be segregated
3 from and not be commingled with the assets of the
4 person.

5 (2) EXCEPTIONS.—Notwithstanding paragraph
6 (1) or subsection (b)—

7 (A) the payment stablecoin reserves, pay-
8 ment stablecoins, cash, and other property of a
9 permitted payment stablecoin issuer or cus-
10 tomer may, for convenience, be commingled and
11 deposited in an omnibus account holding the
12 payment stablecoin reserves, payment
13 stablecoins, cash, and other property of more
14 than 1 permitted payment stablecoin issuer or
15 customer at a State chartered depository insti-
16 tution, an insured depository institution, na-
17 tional bank, or trust company, and any pay-
18 ment stablecoin reserves in the form of cash
19 held in the form of a deposit liability at a de-
20 pository institution shall not be subject to any
21 requirement relating to the separation of such
22 cash from the property of the applicable deposi-
23 tory institution;

24 (B) such share of the payment stablecoin
25 reserves, payment stablecoins, cash, and other

1 property of the permitted payment stablecoin
2 issuer or customer that shall be necessary to
3 transfer, adjust, or settle a transaction or
4 transfer of assets may be withdrawn and ap-
5 plied to such purposes, including the payment
6 of commissions, taxes, storage, and other
7 charges lawfully accruing in connection with the
8 provision of services by a person described in
9 subsection (a);

10 (C) in accordance with such terms and
11 conditions as a primary Federal payment
12 stablecoin regulator may prescribe by rule, reg-
13 ulation, or order, any payment stablecoin re-
14 serves, payment stablecoins, cash, and other
15 property described in this subsection may be
16 commingled and deposited in permitted pay-
17 ment stablecoin issuer or customer accounts
18 with payment stablecoin reserves, payment
19 stablecoins, cash, and other property received
20 by the person and required by the primary Fed-
21 eral payment stablecoin regulator to be sepa-
22 rately accounted for, treated as, and dealt with
23 as belonging to such permitted payment
24 stablecoin issuers or customers; or

18 (d) REGULATORY INFORMATION.—A person de-
19 scribed under subsection (a) shall submit to the applicable
20 primary Federal payment stablecoin regulator information
21 concerning the person's business operations and processes
22 to protect customer assets, in such form and manner as
23 the primary regulator shall determine.

24 (e) EXCLUSION.—The requirements of this section
25 shall not apply to any person solely on the basis that such

1 person engages in the business of providing hardware or
2 software to facilitate a customer's own custody or safe-
3 keeping of the customer's payment stablecoins or private
4 keys.

5 **SEC. 11. TREATMENT OF PAYMENT STABLECOIN ISSUERS**
6 **IN INSOLVENCY PROCEEDINGS.**

7 (a) IN GENERAL.—Subject to section 507(e) of title
8 11, United States Code, as added by subsection (d), in
9 any insolvency proceeding of a permitted payment
10 stablecoin issuer under Federal or State law, including any
11 proceeding under that title and any insolvency proceeding
12 administered by a State payment stablecoin regulator with
13 respect to a permitted payment stablecoin issuer—

14 (1) the claim of a person holding payment
15 stablecoins issued by the permitted payment
16 stablecoin issuer shall have priority, on a ratable
17 basis with the claims of other persons holding such
18 payment stablecoins, over the claims of the per-
19 mitted payment stablecoin issuer and any other
20 holder of claims against the permitted payment
21 stablecoin issuer, with respect to required payment
22 stablecoin reserves;

23 (2) notwithstanding any other provision of law,
24 including the definition of “claim” under section
25 101(5) of title 11, United States Code, any person

1 holding a payment stablecoin issued by the per-
2 mitted payment stablecoin issuer shall be deemed to
3 hold a claim; and

4 (3) the priority under paragraph (1) shall not
5 apply to claims other than those arising directly
6 from the holding of payment stablecoins.

7 (b) DEFINITIONS.—Section 101 of title 11, United
8 States Code, is amended by adding after paragraph (40B)
9 the following:

10 “(40C) The terms ‘payment stablecoin’ and
11 ‘permitted payment stablecoin issuer’ have the
12 meanings given those terms in section 2 of the GE-
13 NIUS Act.”.

14 (c) AUTOMATIC STAY.—Section 362 of title 11,
15 United States Code, is amended—

16 (1) in subsection (a)—

17 (A) in paragraph (7), by striking “and”;

18 (B) in paragraph (8), by striking the pe-
19 riod and inserting “; and”; and

20 (C) by adding at the end the following:

21 “(9) the redemption of payment stablecoins
22 issued by the permitted payment stablecoin issuer,
23 from payment stablecoin reserves required to be
24 maintained under section 4 of the GENIUS Act.”;
25 and

1 (2) in subsection (d)—

2 (A) in paragraph (3)(B)(ii), by striking
3 “or” at the end;

4 (B) in paragraph (4)(B), by striking the
5 period at the end and inserting “; or”; and

6 (C) by inserting after paragraph (4) the
7 following:

8 “(5) with respect to the redemption of payment
9 stablecoins held by a person, if the court finds, sub-
10 ject to the motion and attestation of the permitted
11 payment stablecoin issuer, which shall be filed on
12 the petition date or as soon as practicable thereafter,
13 there are payment stablecoin reserves available for
14 distribution on a ratable basis to similarly situated
15 payment stablecoin holders, provided that the court
16 shall use best efforts to enter a final order to begin
17 distributions under this paragraph not later than 14
18 days after the date of the required hearing.”.

19 (d) PRIORITY IN BANKRUPTCY PROCEEDINGS.—Sec-
20 tion 507 of title 11, United States Code, is amended—

21 (1) in subsection (a), in the matter preceding
22 paragraph (1), by striking “The following” and in-
23 serting “Subject to subsection (e), the following”;
24 and

25 (2) by adding at the end the following:

1 “(e) Notwithstanding subsection (a), if a payment
2 stablecoin holder is not able to redeem all outstanding pay-
3 ment stablecoin claims from required payment stablecoin
4 reserves maintained by the permitted payment stablecoin
5 issuer, any such remaining claim arising from a person’s
6 holding of a payment stablecoin issued by the permitted
7 payment stablecoin issuer shall be a claim against the es-
8 tate and shall have first priority over any other claim, in-
9 cluding over any expenses and claims that have priority
10 under that subsection, to the extent compliance with sec-
11 tion 4 of the GENIUS Act would have required additional
12 reserves to be maintained by the permitted payment
13 stablecoin issuer for payment stablecoin holders.”.

14 (e) PAYMENT STABLECOIN RESERVES.—Section
15 541(b) of title 11, United States Code, is amended—

16 (1) in paragraph (9), in the matter following
17 subparagraph (B), by striking “or” at the end;

18 (2) in paragraph (10)(C), by striking the period
19 and inserting “; or”; and

20 (3) by inserting after paragraph (10) the fol-
21 lowing:

22 “(11) required payment stablecoin reserves
23 under section 4 of the GENIUS Act, provided that
24 notwithstanding the exclusion of such reserves from

1 the property of the estate, section 362 of this title
2 shall apply to such reserves.”.

3 (f) INTERVENTION.—Section 1109 of title 11, United
4 States Code, is amended by adding at the end the fol-
5 lowing:

6 “(e) The Comptroller of the Currency or State pay-
7 ment stablecoin regulator (as defined in section 2 of the
8 GENIUS Act) shall raise, and shall appear and be heard
9 on, any issue, including the protection of customers, in
10 a case under this chapter in which the debtor is a per-
11 mitted payment stablecoin issuer.”.

12 (g) APPLICATION OF EXISTING INSOLVENCY LAW.—
13 In accordance with otherwise applicable law, an insolvency
14 proceeding with respect to a permitted payment stablecoin
15 issuer shall occur as follows:

16 (1) A depository institution (as defined in sec-
17 tion 3 of the Federal Deposit Insurance Act (12
18 U.S.C. 1813)) shall be resolved by the Federal De-
19 positor Insurance Corporation, National Credit Union
20 Administration, or State payment stablecoin regu-
21 lator, as applicable.

22 (2) A subsidiary of a depository institution (as
23 defined in section 3 of the Federal Deposit Insur-
24 ance Act (12 U.S.C. 1813)) or a nonbank entity

1 may be considered a debtor under title 11, United
2 States Code.

3 (h) STUDY BY PRIMARY FEDERAL PAYMENT
4 STABLECOIN REGULATORS.—

5 (1) STUDY REQUIRED.—The primary Federal
6 payment stablecoin regulators shall perform a study
7 of the potential insolvency proceedings of permitted
8 payment stablecoin issuers, including an examination
9 of—

10 (A) existing gaps in the bankruptcy laws
11 and rules for permitted payment stablecoin
12 issuers;

13 (B) the ability of payment stablecoin hold-
14 ers to be paid out in full in the event a per-
15 mitted payment stablecoin issuer is insolvent;
16 and

17 (C) the utility of orderly insolvency admin-
18 istration regimes and whether any additional
19 authorities are needed to implement such re-
20 gimes.

21 (2) REPORT.—Not later than 3 years after the
22 date of enactment of this Act, the primary Federal
23 payment stablecoin regulators shall submit to the
24 Committee on Banking, Housing, and Urban Affairs
25 of the Senate and the Committee on Financial Serv-

1 ices of the House of Representatives a report that
2 contains all findings of the study under paragraph
3 (1), including any legislative recommendations.

4 **SEC. 12. INTEROPERABILITY STANDARDS.**

5 The primary Federal payment stablecoin regulators,
6 in consultation with the National Institute of Standards
7 and Technology, other relevant standard-setting organiza-
8 tions, and State bank and credit union regulators, shall
9 assess and, if necessary, may, pursuant to section 553 of
10 title 5, United States Code, and in a manner consistent
11 with the National Technology Transfer and Advancement
12 Act of 1995 (Public Law 104–113), prescribe standards
13 for permitted payment stablecoin issuers to promote com-
14 patibility and interoperability with—

15 (1) other permitted payment stablecoin issuers;

16 and

17 (2) the broader digital finance ecosystem, in-
18 cluding accepted communications protocols and
19 blockchains, permissioned or public.

20 **SEC. 13. RULEMAKING.**

21 (a) IN GENERAL.—Not later than 1 year after the
22 date of enactment of this Act, each primary Federal pay-
23 ment stablecoin regulator, the Secretary of the Treasury,
24 and each State payment stablecoin regulator shall promul-

1 gate regulations to carry out this Act through appropriate
2 notice and comment rulemaking.

3 (b) COORDINATION.—Federal payment stablecoin
4 regulators, the Secretary of the Treasury, and State pay-
5 ment stablecoin regulators should coordinate, as appro-
6 priate, on the issuance of any regulations to implement
7 this Act.

8 (c) REPORT REQUIRED.—Not later than 180 days
9 after the effective date of this Act, each Federal banking
10 agency shall submit to the Committee on Banking, Hous-
11 ing, and Urban Affairs of the Senate and the Committee
12 on Financial Services of the House of Representatives a
13 report that confirms and describes the regulations promul-
14 gated to carry out this Act.

15 **SEC. 14. STUDY ON NON-PAYMENT STABLECOINS.**

16 (a) STUDY BY TREASURY.—

17 (1) STUDY.—The Secretary of the Treasury, in
18 consultation with the Board, the Comptroller, the
19 Corporation, the Securities and Exchange Commis-
20 sion, and the Commodity Futures Trading Commis-
21 sion shall carry out a study of non-payment
22 stablecoins, including endogenously collateralized
23 payment stablecoins.

24 (2) REPORT.—Not later than 365 days after
25 the date of the enactment of this Act, the Secretary

1 of the Treasury shall provide to the Committee on
2 Banking, Housing, and Urban Affairs of the Senate
3 and the Committee on Financial Services of the
4 House of Representatives a report that contains all
5 findings made in carrying out the study under para-
6 graph (1), including an analysis of—

7 (A) the categories of non-payment
8 stablecoins, including the benefits and risks of
9 technological design features;

10 (B) the participants in non-payment
11 stablecoin arrangements;

12 (C) utilization and potential utilization of
13 non-payment stablecoins;

14 (D) the nature of reserve compositions;

15 (E) types of algorithms being employed;

16 (F) governance structure, including aspects
17 of decentralization;

18 (G) the nature of public promotion and ad-
19 vertising; and

20 (H) the clarity and availability of con-
21 sumer notices disclosures.

22 (3) CLASSIFIED ANNEX.—A report under this
23 section may include a classified annex, if applicable.

24 (b) ENDOGENOUSLY COLLATERALIZED PAYMENT
25 STABLECOIN DEFINED.—In this section, the term

1 “endogenously collateralized payment stablecoin” means
2 any digital asset—
3 (1) the originator of which has represented will
4 be converted, redeemed, or repurchased for a fixed
5 amount of monetary value; and
6 (2) that relies solely on the value of another
7 digital asset created or maintained by the same
8 originator to maintain the fixed price.

9 **SEC. 15. REPORTS.**

10 (a) ANNUAL REPORTING REQUIREMENT.—Beginning
11 on the date that is 1 year after the date of enactment
12 of this Act, and annually thereafter, the primary Federal
13 payment stablecoin regulators, in consultation with State
14 payment stablecoin regulators, as necessary, shall submit
15 to the Committee on Banking, Housing, and Urban Af-
16 fairs of the Senate, the Committee on Financial Services
17 of the House of Representatives, and the Director of the
18 Office of Financial Research a report, which may include
19 a classified annex, if applicable, on the status of the pay-
20 ment stablecoin industry, including—

21 (1) a summary of trends in payment stablecoin
22 activities;
23 (2) a summary of the number of applications
24 for approval as a permitted payment stablecoin

1 issuer under section 5, including aggregate approvals
2 and rejections of applications; and

3 (3) a description of the potential financial sta-
4 bility risks posed to the safety and soundness of the
5 broader financial system by payment stablecoin ac-
6 tivities.

7 (b) FSOC REPORT.—The Financial Stability Over-
8 sight Council shall incorporate the findings in the report
9 under subsection (a) into the annual report of the Council
10 required under section 112(a)(2)(N) of the Financial Sta-
11 bility Act of 2010 (12 U.S.C. 5322(a)(2)(N)).

12 **SEC. 16. AUTHORITY OF BANKING INSTITUTIONS.**

13 (a) RULE OF CONSTRUCTION.—Nothing in this Act
14 may be construed to limit the authority of a depository
15 institution, Federal credit union, State credit union, na-
16 tional bank, or trust company to engage in activities per-
17 missible pursuant to applicable State and Federal law, in-
18 cluding—

19 (1) accepting or receiving deposits or shares (in
20 the case of a credit union), and issuing digital assets
21 that represent those deposits or shares;

22 (2) utilizing a distributed ledger for the books
23 and records of the entity and to effect intrabank
24 transfers; and

(3) providing custodial services for payment stablecoins, private keys of payment stablecoins, or reserves backing payment stablecoins.

(b) REGULATORY REVIEW.—Entities regulated by the primary Federal payment stablecoin regulators are authorized to engage in the payment stablecoin activities and investments contemplated by this Act, including acting as a principal or agent with respect to any payment stablecoin and payment of fees to facilitate customer transactions. The primary Federal payment stablecoin regulators shall review all existing guidance and regulations, and if necessary, amend or promulgate new regulations and guidance, to clarify that regulated entities are authorized to engage in such activities and investments.

(c) TREATMENT OF CUSTODY ACTIVITIES.—The appropriate Federal banking agency, the National Credit Union Administration (in the case of a credit union), and the Securities and Exchange Commission may not require a depository institution, national bank, Federal credit union, State credit union, or trust company, or any affiliate thereof—

22 (1) to include digital assets held in custody that
23 are not owned by the entity as a liability on the fi-
24 nancial statement or balance sheet of the entity, in-

1 cluding payment stablecoin custody or safekeeping
2 activities; or

3 (2) to hold in custody or safekeeping regulatory
4 capital against digital assets and reserves backing
5 such assets described in section 4(a)(1)(A), except
6 as necessary to mitigate against operational risks in-
7 herent in custody or safekeeping services, as deter-
8 mined by—

9 (A) the appropriate Federal banking agen-
10 cy;

11 (B) the National Credit Union Administra-
12 tion (in the case of a credit union);

13 (C) a State bank supervisor; or

14 (D) a State credit union supervisor.

15 (d) STATE-CHARTERED DEPOSITORY INSTITU-
16 TIONS.—

17 (1) IN GENERAL.—A depository institution
18 chartered under the banking laws of a State, that
19 has a subsidiary that is a permitted payment
20 stablecoin issuer, may engage in the business of
21 money transmission or provide custodial services
22 through the permitted payment stablecoin issuer in
23 any State if such State-chartered depository institu-
24 tion is—

1 (A) required by the laws or regulations of
2 the home State to establish and maintain ade-
3 quate liquidity, and such liquidity is regularly
4 reassessed by the home State banking super-
5 visor to take into account any changes in the fi-
6 nancial condition and risk profile of the institu-
7 tion, including any uninsured deposits main-
8 tained by such institution; and

9 (B) required by the laws or regulations of
10 the home State to establish and maintain ade-
11 quate capital, and such capital is regularly reas-
12 sessed by the home State banking supervisor to
13 take into account any changes in the financial
14 condition and risk profile of the institution, in-
15 cluding any uninsured deposits maintained by
16 such institution.

17 (2) RULE OF CONSTRUCTION.—Nothing in this
18 section shall limit, or be construed to limit, the au-
19 thority of a host State bank regulator, to perform
20 examinations of a depository institution's subsidiary
21 permitted payment stablecoin issuer or activities
22 conducted through the permitted payment stablecoin
23 issuer to ensure compliance with host State con-
24 sumer protection laws that the host State bank reg-
25 ulator has specific jurisdiction to enforce, which

1 shall apply to such institution consistent with section
2 7(f).

3 (e) DEFINITIONS.—In this section:

4 (1) HOME STATE.—The term “home State”
5 means the State by which the depository institution
6 is chartered.

7 (2) HOST STATE.—The term “host State”
8 means a State in which a depository institution es-
9 tablishes a branch, solicits customers, or otherwise
10 engages in business activities, other than the home
11 State.

12 **SEC. 17. AMENDMENTS TO CLARIFY THAT PAYMENT**
13 **STABLECOINS ARE NOT SECURITIES OR COM-**
14 **MODITIES AND PERMITTED PAYMENT**
15 **STABLECOIN ISSUERS ARE NOT INVESTMENT**
16 **COMPANIES.**

17 (a) INVESTMENT ADVISERS ACT OF 1940.—Section
18 202(a)(18) of the Investment Advisers Act of 1940 (15
19 U.S.C. 80b-2(a)(18)) is amended by adding at the end
20 the following: “The term ‘security’ does not include a pay-
21 ment stablecoin issued by a permitted payment stablecoin
22 issuer, as such terms are defined in section 2 of the GE-
23 NIUS Act.”.

1 (b) INVESTMENT COMPANY ACT OF 1940.—The In-
2 vestment Company Act of 1940 (15 U.S.C. 80a–1 et seq.)
3 is amended

4 (1) in section 2(a)(36) of the Act (15 U.S.C.
5 80a–2(a)(36)), by adding at the end the following:
6 “The term ‘security’ does not include a payment
7 stablecoin issued by a permitted payment stablecoin
8 issuer, as such terms are defined in section 2 of the
9 GENIUS Act.”; and

10 (2) in section 3(c)(3) of the Act (15 U.S.C.
11 80a–3(c)(3)), by inserting “any permitted payment
12 stablecoin issuer, as such term is defined in section
13 2 of the GENIUS Act;” after “therefor;”.

14 (c) SECURITIES ACT OF 1933.—Section 2(a)(1) of
15 the Securities Act of 1933 (15 U.S.C. 77b(a)(1)) is
16 amended by adding at the end the following: “The term
17 ‘security’ does not include a payment stablecoin issued by
18 a permitted payment stablecoin issuer, as such terms are
19 defined in section 2 of the GENIUS Act.”.

20 (d) SECURITIES EXCHANGE ACT OF 1934.—Section
21 3(a)(10) of the Securities Exchange Act of 1934 (15
22 U.S.C. 78c(a)(10)) is amended by adding at the end the
23 following: “The term ‘security’ does not include a payment
24 stablecoin issued by a permitted payment stablecoin

1 issuer, as such terms are defined in section 2 of the GE-
2 NIUS Act.”.

3 (e) SECURITIES INVESTOR PROTECTION ACT OF
4 1970.—Section 16(14) of the Securities Investor Protec-
5 tion Act of 1970 (15 U.S.C. 78lll(14)) is amended by add-
6 ing at the end the following: “The term ‘security’ does
7 not include a payment stablecoin issued by a permitted
8 payment stablecoin issuer, as such terms are defined in
9 section 2 of the GENIUS Act.”.

10 (f) COMMODITY EXCHANGE ACT.—Section 1a(9) of
11 the Commodity Exchange Act (7 U.S.C. 1a(9)) is amend-
12 ed by adding at the end the following: “The term ‘com-
13 modity’ does not include a payment stablecoin issued by
14 a permitted payment stablecoin issuer, as such terms are
15 defined in section 2 of the GENIUS Act.”.

16 **SEC. 18. EXCEPTION FOR FOREIGN PAYMENT STABLECOIN**
17 **ISSUERS AND RECIPROCITY FOR PAYMENT**
18 **STABLECOINS ISSUED IN OVERSEAS JURIS-**
19 **DICTIONS.**

20 (a) IN GENERAL.—The prohibitions under section 3
21 shall not apply to a foreign payment stablecoin issuer if
22 all of the following apply:

23 (1) The foreign payment stablecoin issuer is
24 subject to regulation and supervision by a foreign
25 payment stablecoin regulator of a foreign country, a

1 territory of the United States, Puerto Rico, Guam,
2 American Samoa, or the Virgin Islands that has a
3 regulatory and supervisory regime with respect to
4 payment stablecoins that the Secretary of the Treas-
5 ery determines, pursuant to subsection (b), is com-
6 parable to the regulatory and supervisory regime es-
7 tablished under this Act, including, in particular, the
8 requirements under section 4(a).

9 (2) The foreign payment stablecoin issuer is
10 registered with the Comptroller pursuant to sub-
11 section (c).

12 (3) The foreign payment stablecoin issuer holds
13 reserves in a United States financial institution suf-
14 ficient to meet liquidity demands of United States
15 customers, unless otherwise permitted under a recip-
16 rocal arrangement established pursuant to sub-
17 section (d).

18 (4) The foreign country in which the foreign
19 payment stablecoin issuer is domiciled and regulated
20 is not subject to comprehensive economic sanctions
21 by the United States or in a jurisdiction that the
22 Secretary of the Treasury has determined to be a ju-
23 risdiction of primary money laundering concern.

24 (b) TREASURY DETERMINATION.—

1 (1) IN GENERAL.—The Secretary of the Treasury
2 may make a determination as to whether a foreign country has a regulatory and supervisory regime
3 that is comparable to the requirements established under this Act, including the requirements under section 4(a). The Secretary of the Treasury
4 may make such a determination only upon a recommendation from each other member of the Stablecoin Certification Review Committee. Prior to
5 such determination taking effect, the Secretary of the Treasury shall publish in the Federal Register a justification for such determination, including how
6 the foreign country's regulatory and supervisory regime is comparable to the requirements established
7 under this Act, including the requirements under section 4(a).

17 (2) REQUEST.—A foreign payment stablecoin issuer or a foreign payment stablecoin regulator may request from the Secretary of the Treasury a determination under paragraph (1).

21 (3) TIMING FOR DETERMINATION.—If a foreign payment stablecoin issuer or foreign payment stablecoin regulator requests a determination under paragraph (2), the Secretary of the Treasury shall render a decision on the determination not later

1 than 210 days after the receipt of a substantially
2 complete determination request.

3 (4) RESCISSION OF DETERMINATION.—

4 (A) IN GENERAL.—The Secretary of the
5 Treasury may, in consultation with the Federal
6 payment stablecoin regulators, rescind a deter-
7 mination made under paragraph (1), if the Sec-
8 retary determines that the regulatory regime of
9 such foreign country is no longer comparable to
10 the requirements established under this Act.
11 Prior to such rescission taking effect, the Sec-
12 retary of the Treasury shall publish in the Fed-
13 eral Register a justification for the rescission.

14 (B) LIMITED SAFE HARBOR.—If the Sec-
15 retary of the Treasury rescinds a determination
16 pursuant to subparagraph (A), a digital asset
17 service provider shall have 90 days before the
18 offer or sale of a payment stablecoin issued by
19 the foreign payment stablecoin issuer that is
20 the subject of the rescinded determination shall
21 be in violation of section 3.

22 (5) PUBLIC NOTICE.—The Secretary of the
23 Treasury shall keep and make publicly available a
24 current list of foreign countries for which a deter-
25 mination under paragraph (1) has been made.

1 (6) RULEMAKING.—Not later than 1 year after
2 the date of enactment of this Act, the Secretary of
3 the Treasury shall issue such rules as may be re-
4 quired to carry out this section.

5 (c) REGISTRATION AND ONGOING MONITORING.—

6 (1) REGISTRATION.—

7 (A) IN GENERAL.—A foreign payment
8 stablecoin issuer may offer or sell payment
9 stablecoins using a digital asset service provider
10 if the foreign payment stablecoin issuer is reg-
11 istered with the Comptroller.

12 (B) REGISTRATION APPROVAL.—A reg-
13 istration of a foreign payment stablecoin issuer
14 filed in accordance with this section shall be
15 deemed approved on the date that is 30 days
16 after the date the Comptroller receives the reg-
17 istration, unless the Comptroller notifies the
18 foreign payment stablecoin issuer in writing
19 that such registration has been rejected.

20 (C) STANDARDS FOR REJECTION.—In de-
21 termining whether to reject a foreign payment
22 stablecoin issuer's registration, the Comptroller
23 shall consider

24 (i) the final determination of the Sec-
25 retary of the Treasury under this section;

(ii) the financial and managerial resources of the United States operations of the foreign payment stablecoin issuer;

9 (iv) whether the foreign payment
10 stablecoin presents a risk to the financial
11 stability of the United States; and

12 (v) whether the foreign payment
13 stablecoin issuer presents illicit finance
14 risks to the United States.

10 (B) consent to United States jurisdiction
11 relating to the enforcement of this Act.

12 (3) LACK OF COMPLIANCE.—

(A) COMPTROLLER ACTION.—The Comptroller may, in consultation with the Secretary of the Treasury, rescind approval of a registration of a foreign payment stablecoin issuer under this subsection if the Comptroller determines that the foreign payment stablecoin issuer is not in compliance with the requirements of this Act, including for maintaining insufficient reserves or posing an illicit finance risk or financial stability risk. Prior to such rescission taking effect, the Comptroller shall publish in the Federal Register a justification for the rescission.

11 (d) RECIPROCITY.—

(1) IN GENERAL.—The Secretary of the Treasury may create and implement reciprocal arrangements or other bilateral agreements between the United States and jurisdictions with payment stablecoin regulatory regimes that are comparable to the requirements established under this Act. The Secretary of the Treasury shall consider whether the jurisdiction's requirements for payment stablecoin issuers include

(A) similar requirements to those under section 4(a);

(2) PUBLICATION.—Not later than 90 days prior to the entry into force of any arrangement or agreement under paragraph (1), the Secretary of the Treasury shall publish the arrangement or agreement in the Federal Register.

15 SEC. 19. DISCLOSURE RELATING TO PAYMENT
16 STABLECOINS.

17 Section 13104(a)(3) of title 5, United States Code,
18 is amended, in the first sentence, by striking “, or any
19 deposits” and inserting “, any payment stablecoins issued
20 by a permitted payment stablecoin issuer aggregating
21 \$5,000 or less held, or any deposits”.

22 SEC. 20. EFFECTIVE DATE.

23 This Act, and the amendments made by this Act,
24 shall take effect on the earlier of

- 1 (1) the date that is 18 months after the date
2 of enactment of this Act; or
3 (2) the date that is 120 days after the date on
4 which the primary Federal payment stablecoin regu-
5 lators issue any final regulations implementing this
6 Act.

Passed the Senate June 17, 2025.

Attest:

Secretary.

119TH CONGRESS
1ST SESSION **S. 1582**

AN ACT

To provide for the regulation of payment stablecoins, and for other purposes.